GST 301

LECTURE 1

WHAT ENTREPRENEURSHIP?

There are many definitions of entrepreneurship but according to Hisrich and Brush (2005) - Entrepreneurship is the process of creating something new with value by devoting the necessary time & efforts, assuming the accompanying financial, psychological and social risks and receiving the monetary rewards for monetary and personal independence.

Please note the following points:

 creative process (physical outfit)  a creation that has value (satisfaction of needs).  a risky transaction (psychological, financial, social).

 a transaction with rewards for the entrepreneur external (community intrinsic (inward).

Entrepreneurship is the practice of starting a new organization or revitalizing the existing ones, most especially new business in response to identified opportunities,

 Identify opportunities i.e. existing gaps and business opportunities in ones immediate environment and bringing together necessary resources an innovative way to fill these gaps.

How many of us have started one business or the other, what led you to it or how did you recognize the opportunity?

Who is an entrepreneur?

An entrepreneur is a person who takes the risk of setting up his/her own venture for perceived rewards.

He:

 initiates the idea  formulates a plan  organizes resources and puts the plan into action for achieving goals set at his/her own risk.

# THE CHARACTERISTICS OF ENTREPRENEURS

The following are some basic characteristics that must be fully developed by intending entrepreneurs.

1. Dedication & Diligence: entrepreneurs dedicate themselves to the fulfillment of their plans and dreams and their tenacity about the business helps in targeting a goal, and pursuing it to a logical end.
2. Optimism: entrepreneurs maintain a positive outlook throughout their business plans and operations. They recognize opportunities where others see problems (e.g. Marketer). Bill Gates developed simple and user friendly software in the place of very difficult and complicated software.
3. Risk taking: entrepreneurs know that business start-up is a risk but he is ready to go through the whole hog to achieve his goal In case of failure, they also have a reserve to fall back to.
4. Team playing: He possesses the ability to work with his team to achieve set goals. One person cannot achieve much.
5. Creativity: he is always looking out to get a new thing from an existing one.
6. Endurance: He is ready to patiently wheather the storm to see his business succeed.
7. Flexibility: He is not rigid about decisions but is always ready to listen to other's suggestions in the business operation that will ootimize their offerings and satisfy market needs.
8. Planning: entrepreneurs are planners since business ventures are lifelong venturesŸTheyztake--tinxe—to nlažvand consider details that will enhance his business success and deal with unforeseen possibilities.
9. Communication: entrepreneurs recognize that the vital part of any business is the human element. Human resource whether client, employees or strategic partners are what can make/break a business and communication is key to successful relationship with people. Communication could be in writing, verbal or non -verbal.
10. Money Management: Entrepreneurs recognize the fact that it takes time to make profit in any entrepreneurial venture whereas capital is limited and must be wisely utilized. Hence they compulsorily plan for present and future financial obligations especially cash flows.
11. Always Learning: They are always ready to learn not only from the classroom, but always asking questions and doing personal reading and research. They are always ready to learn from their mistakes.

IDENTIFICATION OF IDEAS AND VENTURE CAPITAL OPPORTUNITIES

Every business comes out of an idea. These businesses are started by men & women who see that people want to buy a particular product or service (give examples water).

Good business ideas do not just occur to an entrepreneur, but they are the result of hard work and effort on the part of the entrepreneurs in generating, and identifying opportunities.

What is Business Idea?

A business idea is the response of a person or persons, or an organization to solve an identified problem or to meeting perceived needs in the environment (markets, community e.g. packaging nylons).

The ability to come up with creative solutions to needs/ problems and to market them often marks the difference between success and failure in business. Please note that:

1. Although business idea is vital but it is only a tool.
2. An idea on its own, however good is not sufficient for success.

Therefore, an idea is only a tool that needs to be developed and transformed into a viable business opportunity.

The Characteristics of a business idea

 What product or service will sell



 Who your business will sell to

 How your business in going to sell its products/services

 Which need your business will satisfy for the customers-find out what they want, you must offer something special and attract customers.

Sources of Business ideas

1. Hobbies/lnterests

Your hobbies/ interests can form a business idea e.g. playing with computers, cooking, music, acting, travelling, drawing, hospitality; for example: If you enjoy travelling, performing and/or hospitality you may consider going into tourism.

1. Personal Skills/ Experience: Experiences in the work place e.g. an engineer who supervises mechanical work in a large garage, This experience in working for a large garage, can eventually set up his own car repair, your background can play a crucial role in the type of venture to be created. Your skills and experiénce are your most important resources not only in generating ideas but also in capitalizing on them.
2. Mass media: The mass media is a great source of information, ideas and opportunities

 Newspaper, Magazines, television, and in the modern day internet are examples of mass media. There are so many advertisements inviting people to acquire skills in one area or the other, responding to these invitations can generate business ideas for you.

1. Exhibitions: Another way to find the ideas for a business is to attend exhibitions and trade fairs. These are usually advertized on radios & televisions, by visiting such events regularly you will not only discover new procedures and services but you will also meet sales representatives, manufacturers with information on how to start the business.
2. Surveys: The customer becomes the focal point when it comes to new business ideas. His needs/ wants are considered because they can orchestrate the start-up of new businesses. It can be formally or informally (with a questionnaire.
3. Complaints:

Complaints & frustration on the part of customers have led to many new products/services, when customers complain bitterly about a product/ service.

1. Distribution Channels: Members of the distribution channels Are familiar with market needs, hence, are sources of new ideas.

also market—the-entrepreneury-nevvly— developed products e.g. Colour of products, packaging.

1. Federal Government:- This can happen in two ways:

i. Patent Office: The patents may not be feasible but other ideas can be generated from them. (NO TAP-National Office of Technology Acquisition and Promotion).

Government regulations: New product ideas can come in response to government regulations e.g. regulation on Occupational Safety & Health mandated that first£úi kits be provided in business establishments with more than 3 employees. Hence, this act can start/orchestrate the production of such kits especially where. the kits for construction company is different from the one provided by company manufacturing facial cream.

1. Research & Development efforts:

i. By the entrepreneur ii. By Government Research Institutions