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# *Entrepreneurship*

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**An entrepreneur is an individual who identifies a business opportunity, takes the initiative to organize resources, and assumes the risks involved to start and manage a business.**

**Entrepreneurs are known for their ability to innovate, take calculated risks, and drive economic growth.**

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Person who undertakes the ‘**risk**’ of a new venture

Derived from French words,

*Entre* meaning ‘between’

*Prendre* meaning ‘to take’

Originally used to describe people who ‘take on the risk’ between buyers and sellers or who ‘undertake’ a task such as starting a new venture

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# Who is an Entrepreneur ?

- An **entrepreneur** is a person who has possession of a new enterprise, venture or idea and assumes significant accountability for the inherent risks and the outcome.
  - An entrepreneur is an individual who accepts financial risks and undertakes new financial ventures.
  - An entrepreneur is a person who is responsible for setting up a business.
  - An Entrepreneur is a person who *organizes and manages a business* undertaking, assuming the risk for the sake of profit. Any person (any age) who starts and operates a business is an entrepreneur.
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# Entrepreneur

- Person who is ingenious and creative in finding ways that add to their own wealth, power and prestige (*Bauman's 1990*)
- Person conducting own business (*Webster*)
- Person who sets up business deals in order to make profits (*Collins Cobuild*)
- Organizer of an economic venture, one who owns, organizes, manages, and assumes the risks of the business (*Chandrashekhar*)

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## Contd...

An **Entrepreneur** need not necessarily be an **Inventor** ( *who creates a **new** product or a process, previously unknown*), but he is the one who may be exploiting an invention to reform or revolutionalise the pattern of production or commercialisation, by opening up of a **new** source of supply or **new** method or a **new** outlet.

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Dhirubhai Ambani, the founder of Reliance Industries, exemplifies how an entrepreneur can transform industries without necessarily being an inventor.

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*Reliance Industries did not invent petrochemicals, or textiles.*

Dhirubhai Ambani used existing technologies and processes in these industries.

### ***Entrepreneurial Innovations:***

**Commercialization:** He built a massive consumer base for affordable synthetic textiles in India, popularizing fabrics like polyester.

**Scaling Production:** Established large-scale, cost-efficient manufacturing units to produce textiles and petrochemical products.

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# Who is an Entrepreneur ? (1)

- **E:** examine needs, wants, and problems to see how they can improve the way needs and wants are met and problems overcome.
  - **N:** narrow the possible opportunities to one specific "best" opportunity.
  - **T:** think of innovative ideas and narrow them to the "best" idea.
  - **R:** research the opportunity and idea thoroughly.
  - **E:** enlist the best sources of advice and assistance that they can find.
  - **P:** plan their ventures (Project) and look for possible problems that might arise.
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# Who is an Entrepreneur ? (2)

- **R:** Rank the risks and the possible rewards.
- **E:** Evaluate the risks and possible rewards and make their decision to act or not to act.
- **N:** Never hang on to an idea, no matter how much they may love it, if research shows it won't work.
- **E:** Employ the resources necessary for the venture to succeed.
- **U:** Understand that they will have to work long and hard to make their venture succeed.
- **R:** Realize a sense of satisfaction from their successful ventures and learn from their failures

Businessman	Entrepreneur
<b>Definition</b>	
A businessman is an individual who operates or starts a business with the same old business idea.	An entrepreneur is an individual with an exclusive idea to initiate and establish a new venture
<b>Market state</b>	
Market player	Market leader
<b>Market</b>	
Makes his place in the market	Creates a market
<b>Risk factor</b>	
Less	Approximately high
<b>Procedure</b>	
Traditional/Ordinary	Unconventional
<b>Focus</b>	
Profit	Employee, customer, and public
<b>Competition</b>	
Extremely High	Low



Choosing a **career** is like choosing a wife from ten girl friends.

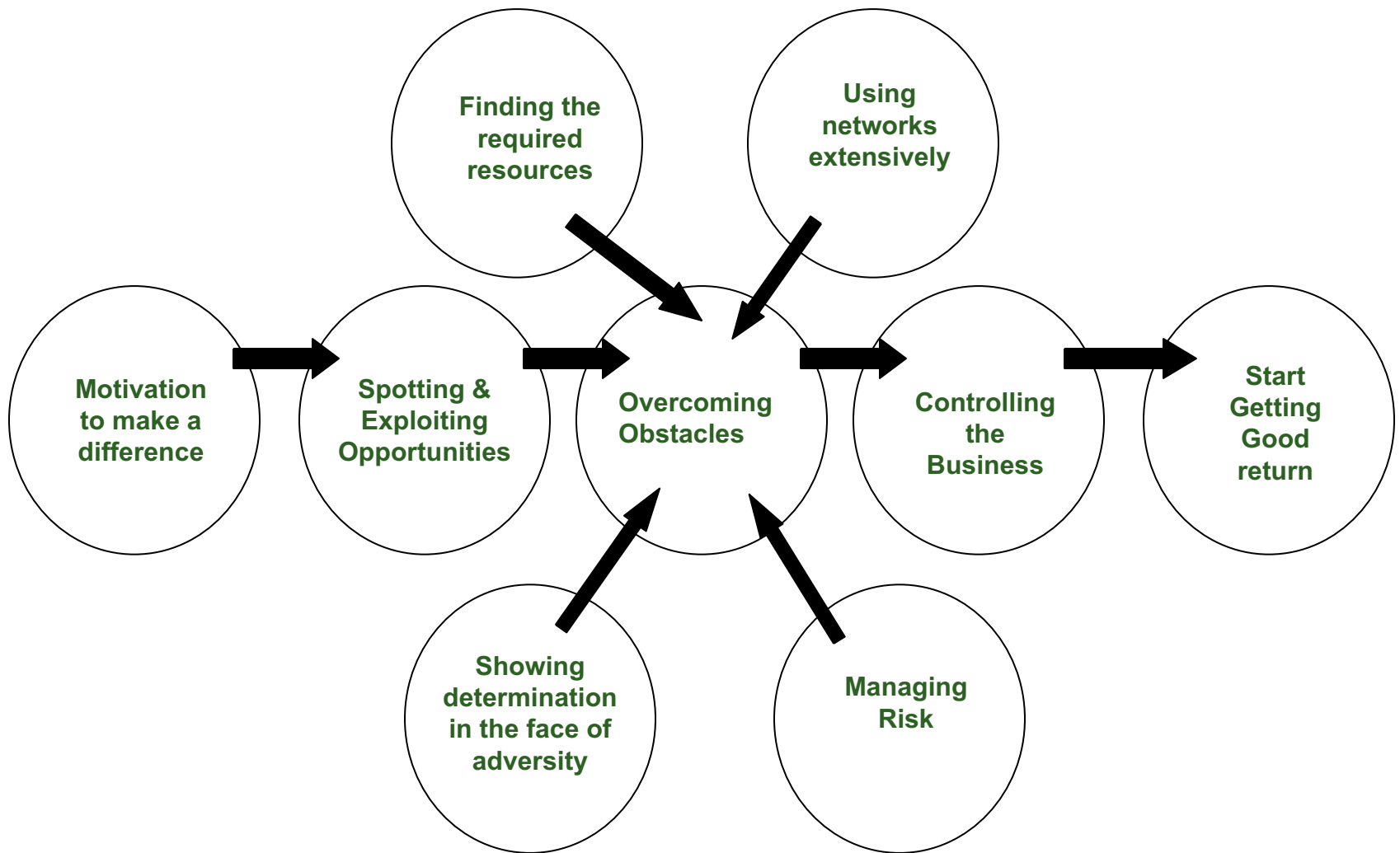
Even if you pick the most beautiful, the most intelligent, the kindest woman, there is still the pain of losing the other nine.

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# Must haves for Any Entrepreneur

- Great idea
  - Leadership skills
  - Strong Vision
  - Good team spirit
  - Determination to succeed
  - A good mentor (Teacher)
  - Accept failure as the stepping stone to success
  - Belief in oneself
  - Passion and commitment
  - Self-confident and self-reliant
  - Goal-oriented
  - Hardworking and energetic
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# Entrepreneur Process Diagram



# Entrepreneurship Defined

- **Entrepreneurship** is the act of being an entrepreneur.
- **Capacity and willingness** to undertake conception, organization, and management of a productive venture with all attendant risks, while seeking profit as a reward.
- In economics, entrepreneurship is regarded as a **factor of production together with land, labor, natural resources, and capital.**
- *Entrepreneurship is a process through which individuals identify opportunities, allocate resources, and create value.*

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# Characteristics of an Entrepreneur

## 10 Innovation

Tries to develop new technology, products, markets by using creativity

## 10 Risk taking

Entrepreneurs assumes risk & is prepared for losses and minimize risk through research, planning, and skill development.

- Production risk
- Market risk
- Financial risk
- Social risk

## 10 Decision making

- Takes decisions to launch the enterprise for production, purchase, sale of goods & services
  - engage human resource
  - procure raw materials, machines from suppliers
  - raise capital from various sources
  - distribute the products through various channels
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## Contd...

### ⑩ Perceptive

Entrepreneurs view problems as opportunities and challenges.

### ■ Curious

Entrepreneurs like to know how things work. They take the time and initiative to pursue the unknown.

### ■ Imaginative

Entrepreneurs are creative. They imagine solutions to problems that encourage them to create new products and generate ideas.

### ■ Persistent

True entrepreneurs face bureaucracy, make mistakes, receive criticism, and deal with money, family, or stress problems. But they still stick to their dreams of seeing the venture succeed.

### ■ Leadership

Plans, organises, directs and controls the activities of business.

While leading the workers, he coordinates their operations & motivates team.

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## Contd...

### ■ Goal-setting

Entrepreneurs are motivated by the excitement of starting a new business. Once achieved, they seek out new goals or ventures to try.

### ■ Hardworking

Entrepreneurs need a great deal of energy to see a venture start and succeed. Yet they are not deterred by the long hours to achieve their goal.

### ■ Self-confident

Entrepreneurs believe in themselves. Their self-confidence takes care of any doubts they may have.

### ■ Flexible

Entrepreneurs must be flexible in order to adapt to changing trends, markets, technologies, rules, and economic environments.

### ■ Independent

An entrepreneur's desire for control and the ability to make decisions often makes it difficult for them to work in a controlled environment.

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# Contd...

## ■ **Marketability**

Entrepreneurs need to ask themselves the following questions about their product, service :

- ⑩ Does your target market want this product? Prove it.
- ⑩ What is your competition? How much of the market do they own already? How will you take it away from them?
- ⑩ Are you competitively priced?
- ⑩ Is this a short-term venture? How long will it last?
- ⑩ What do you offer that no other product, service, or charity offers? Why would a customer pay money for what you provide?

## ■ **Profitability**

To expect a profit, an entrepreneur must ensure that revenue exceeds all costs. Listing expected revenue and expenses can help to achieve this.

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# Entrepreneur vs. Manager

Basis	Entrepreneur	Manager
<b>MOTIVE</b>	Initiate a venture	Render services
<b>STATUS</b>	Owner	Employee
<b>RISK BEARING</b>	Bears	Does not bear
<b>REWARDS</b>	Profit (or Losses)	Salary
<b>INNOVATION</b>	Change-agent	Implements changes
<b>QUALIFICATIONS</b>	No minimum qualification	Management theory & practice

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# CORPORATE ENTREPRENEURSHIP/ INTRAPRENEURSHIP

- It is concerned with *innovations* that occurs inside an established corporation/ company through the efforts of creative employees.
  - An intrapreneur *combines the resources* of the corporation in unusual ways to create innovative new products or services
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## Contd...

- The term Intrapreneur coined in America in late 70s.
  - Senior executives left jobs – to start own businesses – when top bosses were not receptive to their ideas – new ventures – it became threat to the corporations they left.
  - Also called as Brain Drain and Stopping the flight of their brightest executives.
  - American management expert Gifford Pinchot III wrote book – ***Intrapreneuring*** 1985 to describe the persons who resigned from their well paid executive positions to launch their own ventures.
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# Contd...

Organization's strategy to save their employees

- Gifford Pinchot devised the way by which such executives could be retained in the industry and their entrepreneurial urge was also satisfied by their bosses so a system was devised where by such executives would operate as entrepreneurs with full independence and autonomy but within the organization.
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# Intrapreneur

- **3M (Minnesota Mining and Manufacturing Company)**, is a United States multinational conglomerate corporation ), who encourage many projects within the company. They give certain freedom to employees to create their own projects, and they even give them funds to use for these projects.
- In the days of its founders, HP *used to* have similar policies and just such an innovation-friendly atmosphere and intrapreneurial reputation.
- Intel also has a tradition of implementing intrapreneurship.
- Google is also known to be Intrapreneur friendly, allowing their employees to spend up to 20% of their time to pursue projects of their choice.



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# Difference

## Entrepreneur

- Independent
- Raises the funds
- Bears risk involved

## Intrapreneur

- Dependent on owner
  - Does not own responsibility to raise funds
  - Does not fully bear the risk involved
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