

Course Description

- This course will introduce you to the concepts of entrepreneurship so that you have the necessary skill set to explore entrepreneurial opportunities in order to **create value, generate wealth and serve society.**



Course Outcomes

After completing this course, you should be able to:

- **Explain** the nature of entrepreneurship
- **Develop** an entrepreneurial perspective by recognizing entrepreneurial opportunities
- **Analyze** the environment for entrepreneurship
- **Know** the components of a business plan and be able to develop one
- **Identify** the sources of capital for a business venture
- **Set up** a business organization



Textbook

- ***Entrepreneurship: Strategies and Resources***
by Marc J. Dillinger, Third Edition (Pearson
Education)



Reference Books

- ***Entrepreneurship:*** by Robert D. Hisrich, Michael P. Peters, Dean A. Shepherd, 6th Edition (McGraw Hill)
- ***Thinking Like An Entrepreneur:*** by Peter I. Hupalo, HCM Publishing
- ***Essentials of Entrepreneurship and Small Business Management,*** Thomas W. Zimmerer, Norman M. Scarborough, Pearson Education



Grading (Tentative)

- **30%** Midterm
- **40%** Final Exam
- **14%** Project Paper
- **8%** Assignments
- **8%** Quizzes
- Class Participation (if deemed necessary)



Plagiarism

- Collaboration and group work is encouraged but each student is required to submit his/her own contribution.
- Your writings must be your own thoughts.
- Cheating and plagiarism will not be tolerated and will be referred to the Dean for appropriate actions.



Quiz/Assignment Policy

- Quizzes will be announced/unannounced.
- Late submission of assignments will either not be entertained or will result in the deduction of marks.



Project

- Individual or Group Work
- Presentations will be required



Tentative Weekly Schedule

Week 1	Introduction to Course and A Framework for Entrepreneurship (Chapter 1)
Week 2	Resources and Capabilities (Chapter 2)
Week 3	Entrepreneurship Environment Analysis (Chapter 3)
Week 4	Entrepreneurial Strategies (Chapter 4)
Week 5	Business Plan Components (Chapter 5)
Week 6	Midterm Exam



Tentative Weekly Schedule

Week 7	Writing a Business Plan (Chapter 5)
Week 8	e-Entrepreneurship (Chapter 6)
Week 9	Venture Financing (Chapter 7) Securing Investors (Chapter 8)
Week 10	Business Organizations (Chapter 9)
Week 11	Presentations
Week 12	Final Exams

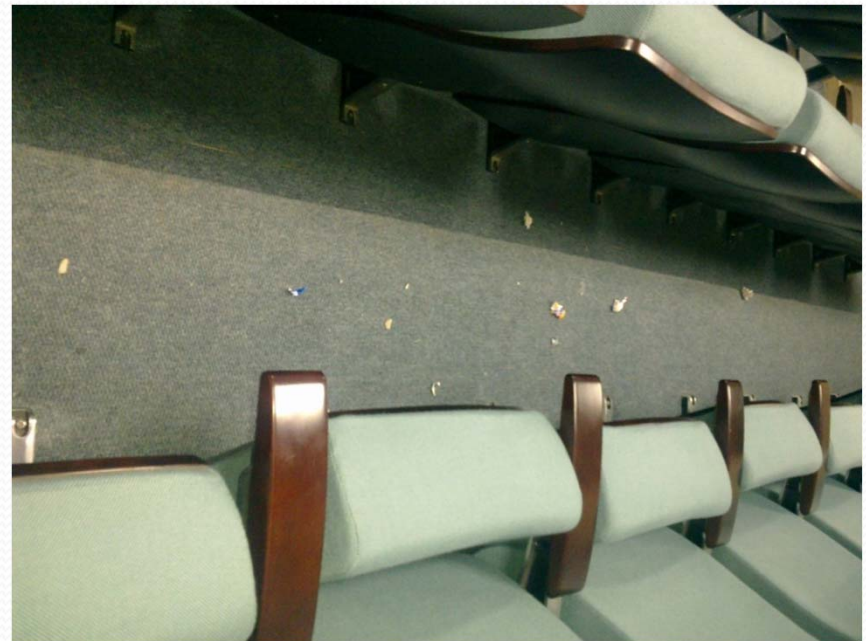
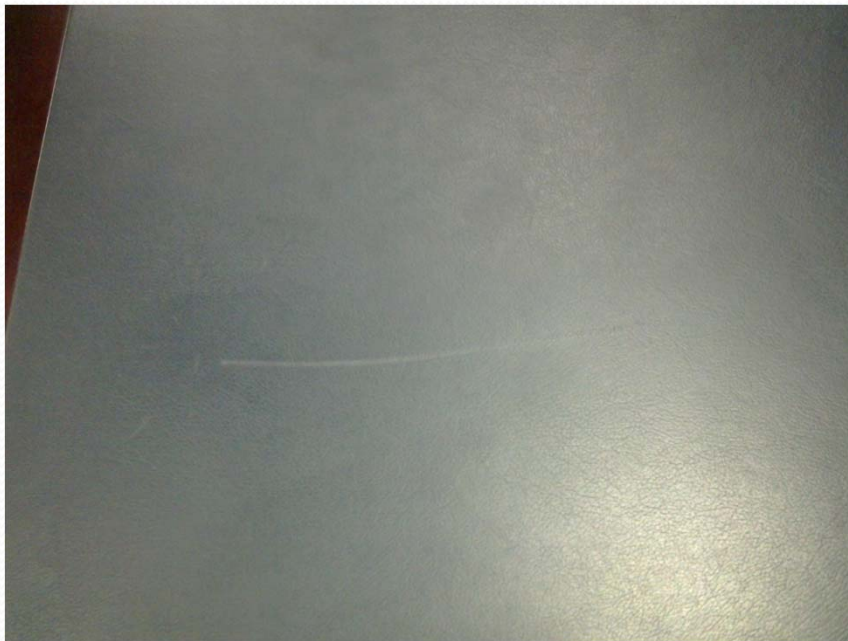




DURING CLASS... DON'T



NAME THE PLACE



Entrepreneurship Definitions

- **Knight (1921)** Profits from bearing uncertainty and risks
- **Cole (1952)** Purposeful activity to initiate and develop a profit-oriented business
- **McClelland (1961)** Moderate risk taking
- **Casson (1982)** Decision and judgments about the coordination of scarce resources
- **Gartner (1985)** Creation of new organizations
- **Stevenson et al (1989)** The pursuit of opportunity without regard to resources currently controlled



Common elements in definitions

- Creativity and Innovation
- Resource gathering and the founding of an economic organization
- The chance for gain (or increase) under risk and uncertainty



Common Elements

- **Creation:** a founding and an origin
- **Innovation:** a new way of doing something (wikipedia)
- **Economic Organization:** an organization whose purpose is to allocate scarce resources.
- **Risk:** variability of outcomes or returns
- **Uncertainty:** confidence in the estimates of how the world works; of the causes and effects of the environment



Entrepreneurship

- The creation of an innovative economic organization for the purpose of gain or growth under conditions of risk and uncertainty.
- New Venture Creation



Resource Based Theory

- Entrepreneur uses resources that are:

- Rare
- Valuable
- Hard to copy
- Have no good substitutes

To obtain a sustainable competitive advantage

“The nature and quality of the resources, capabilities and strategies the entrepreneur possesses and can acquire can lead to long-term success.”



Conditions for Entrepreneurship

- **Freedom:**
 - To establish an economic venture
 - To be creative and innovative
- **Prosperity:**
 - Favourable economic conditions
 - Gain and grow



The New Breed of Entrepreneurs

Previously	Now
Small Business Founder	True Entrepreneur
Boss	Leader
Lone Ranger	Networker
Secretive	Open
Self-reliant	Inquisitive
Off the cuff	Business Plan
Snap decisions	Consensus
Overwhelmingly male	Mixed ownership
Success due to Idea	Success due to execution
Knows the trade	Knows the business
Technology for automation	Technology for Innovation
Earning a living	Wealth for self & investors



Small Business vs Entrepreneurship

- Amount of wealth created is substantial
- Wealth creation is rapid
- Risk is high
- Innovation is substantial



New Entrepreneurs

- Academia contribution
- Corporate dropouts
- From downsized companies
- Quest for status
- Control over personal life
- College dropouts
- Local infrastructure improvements
- Globalization Opportunities



NUST-SEECS Endeavors

- NUST IP Policy
- NUST Technology Incubation Centre
- SEECS Corporate Advisory Council
- Academia Industry linkages
 - Labs
 - Projects
 - IP sharing
 - Corporate Offices in SEECS
- SEECS Entrepreneurs
 - Baltoros, SWAM, Crafty Pixels



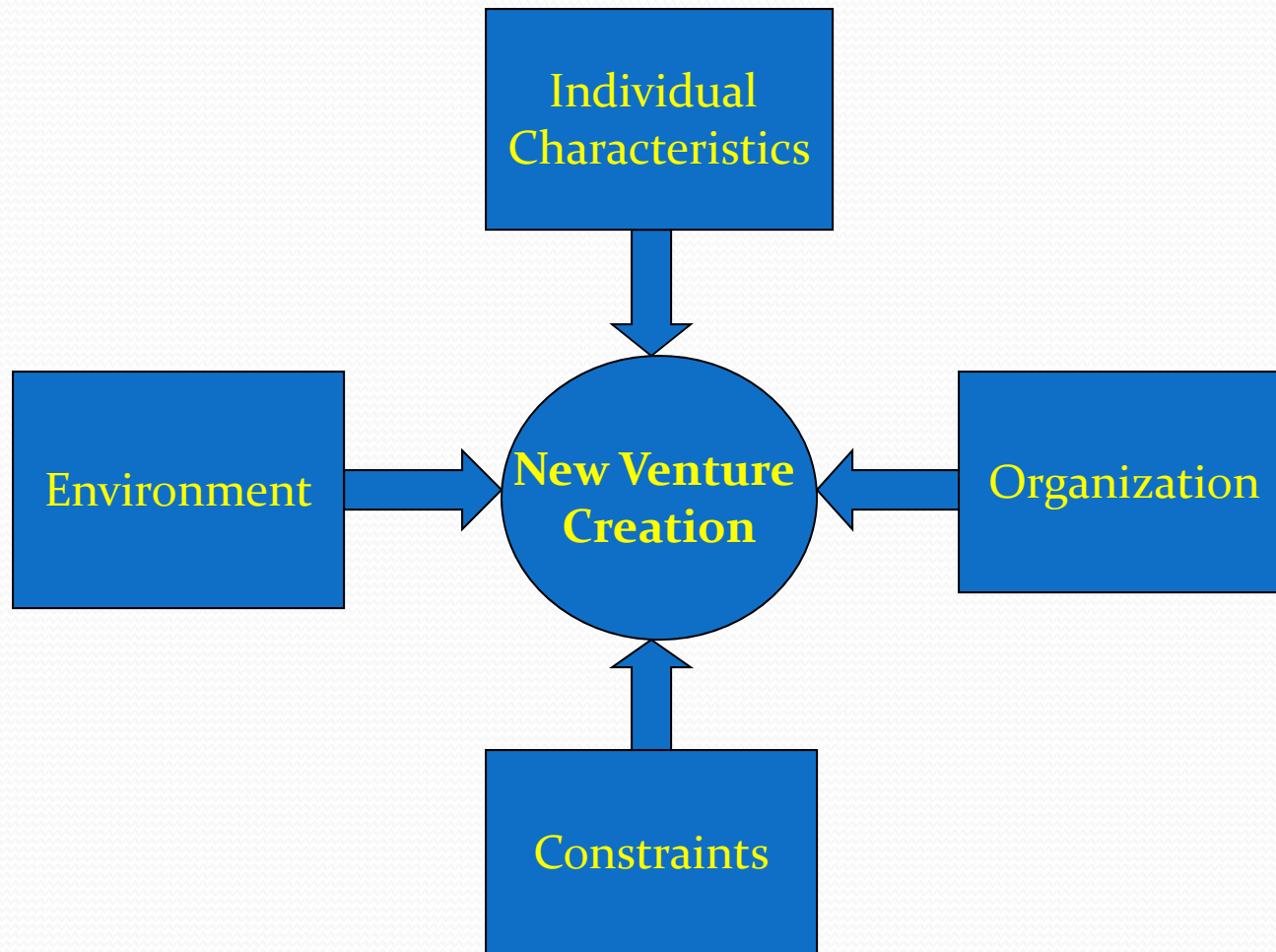
Paradoxes of Entrepreneurship

- Intelligence vs Business Success
 - ‘If you are so smart, why aren’t you rich?’
- Barriers to Entry
 - ‘you don’t want to enter any industry that would have you’

“There is no law of Entrepreneurship.”



Dimensions of New Venture Creation



1. The Individual

- Psychological, sociological and demographic characteristics
- Personal experience, knowledge, experience and training
- Personal integrity
- **ETHICS (NBS story)**



Ethical Behavior

- Any business decision that creates value for the customer by matching quality and price
 - Provide valid data about product and service
 - Enable customer to make a free and informed choice
 - Generate customer commitment to the product and the organization that provided it
- **‘The only sustainable competitive advantage that any business has is its reputation’**



Entrepreneur – Personality Traits

- Desire for responsibility
- Preference for risk taking – moderate, calculated
- Confidence in ability to succeed
- Desire for immediate feedback
- High level of energy
- Future orientation
- Skill at organizing
- Value of achievement over money



Entrepreneur - Characteristics

- High degree of commitment
- Tolerance for ambiguity
- Flexibility
- Tenacity



Sam Walton's Ten Best Rules

- Commit to your business and believe in it
- Share your profits with your partners (employees)
- Motivate your partners, challenge them and keep score
- Communicate everything
- Appreciate your associates with well chosen words
- Celebrate your success



Sam Walton's Ten Best Rules

- Listen to everyone and get them talking
- Exceed your customers' expectations
- Control your expenses
- **BREAK ALL THE RULES. Swim upstream. Go the other way 😊**



2. The Environment

- Opportunities:
 - **In the form of resources:**
 - Money
 - People
 - Technology
- Acquire resources and combine them with the ones already present.



3. Constraints or Threats

- Competition
- Government Influences
- Political environment
- Economy



4. Economic Organization

- Something of value to offer
 - **Generic strategies**
- Form and structure
 - **Functional level strategies**
- Entry wedges or points
 - **To penetrate or create a market**
- Isolating mechanisms
 - **To protect its positions**
- A culture
 - **Determines performance and QUALITY**



Quality: Critical to Success

Garvin: 5 different approaches to quality:

- Transcendent
 - **Philosophical – concerns the function intended.**
- Product-Based
 - **Product or service attribute held in high regard**
- User-Based
 - **User preferences: subjective**
- Manufacturing-Based
 - **Conformance to standards**
- Value-Based
 - **Quality in terms of price**



Entrepreneur – The Decision Maker

- Entrepreneur must understand all quality perspectives to be able to make **decisions** based on the current situation



Resources and Capabilities



Resources

- **Any thing or quality that is useful**
 - Can help an organization implement its strategy
 - **Valuable**
 - May not be available to all competitors
 - **Rare**
 - May not be able to be duplicated easily or expensively
 - **Hard to copy**
 - May not be the same as the resources of another firm
 - **Non-substitutable**



Types of Resources

- **P**hysical
- **R**eputational
- **O**rganizational
- **F**inancial
- **I**ntellectual and Human
- **T**echnological



Physical Resources

- Tangible property of the organization
 - Plant and equipment
 - Location and amenities
 - Natural resources
- Can these be a source of sustainable competitive advantage?



Reputational Resources

- Perceptions that people have in the firm's environment have of the company
 - Product level – brand loyalty
 - Corporate level – global image
- Most important attributes
 - Product quality
 - Management integrity
 - Financial soundness



Fortune Magazine Criteria

- Quality of management
- Use of corporate assets
- Financial soundness
- Firm's value as an investment
- Quality of products and services
- Innovativeness
- Ability to attract, develop and retain top people
- Community and environment responsibility



Organizational Resources

- Intangible
 - Organization's structure, routines and systems
 - or
 - Formal reporting systems
 - information generation & decision making systems
 - Formal or informal planning
- Structure that promotes adaptation with speed can be a valuable resource
- Skills and capabilities of personnel
- Company life cycle is also important



Financial Resources

- Most important resource???
- High tech industries rated it 8th out of 11 and service industries 5th out of 11
- Depends on the state of the economy
- Apple and HP (cash rich)



Intellectual and Human Resources

- Entrepreneur and his/her team
 - Collective knowledge, training and experience
 - Individual: judgment, insight, creativity, vision and intelligence
 - Entrepreneur's social skills and knack for recognizing opportunity
 - Relationship Capital:
 - Not what you know but who you know



Technological Resources

- Processes and systems
- Labs, R&D facilities, testing and quality control
- Real resource is knowledge generated by the above:
to be protected by
 - Patents
 - Licenses
 - Trademarks
 - Copyrights
- Technological versus Intellectual capital



Strategic Resources Summary

Resources	Valuable	Rare	Hard to Copy	Nonsubstitutable
P hysical	Yes	KK	Not usually	KK
R eputational	Yes	Yes	Yes	Yes
O rganizational	Yes	Yes	Yes	Yes
F inancial	Yes	KK	No	No
I ntellectual	Yes	Yes	Usually	KK
T echnological	Yes	KK	KK	KK

