INTRO TO ENTREPRENEURSHIP

Section 3
The entrepreneurial mindset

Lecture 11

Intro to section 3

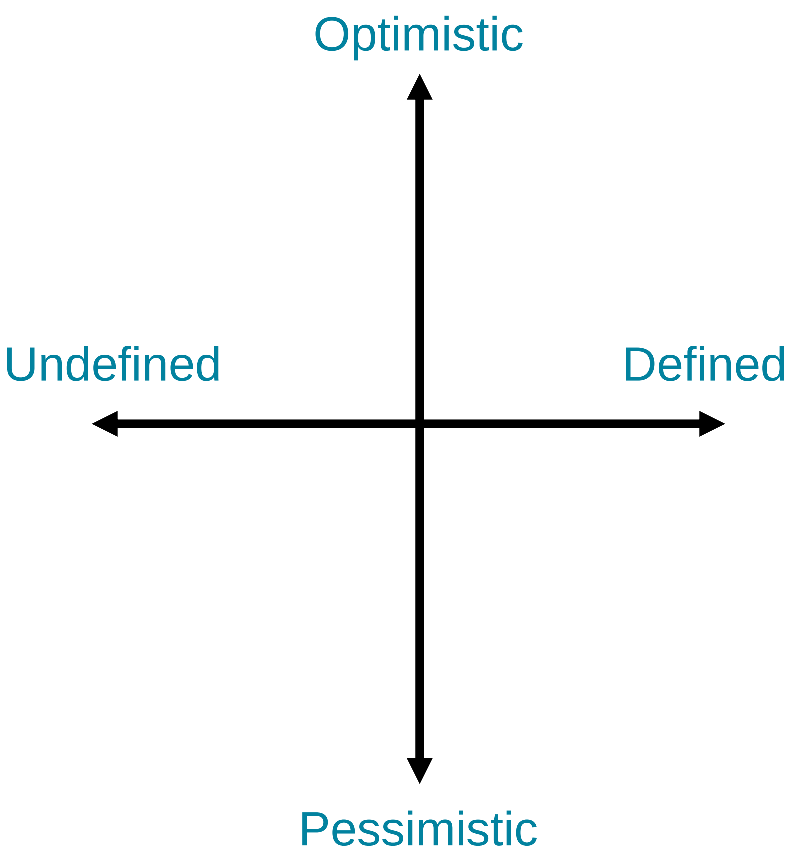
Intro to section 3

- The entrepreneurial mindset
- How do entrepreneurs look at the world?
- How do they find opportunities?

Lecture 12
The entrepreneurial mindset

The entrepreneurial mindset

- Peter Thiel used a quadrant system to describe entrepreneurs and societies



The entrepreneurial mindset

The perspective about the future

- Defined

- you have a decent idea of what's going to happen
- you can plan for the future
- you can predict where we're going to be

The entrepreneurial mindset

The perspective about the future

- Undefined

- the future is confusing, chaotic
- you have no idea how the future's going to look like

The entrepreneurial mindset

The perspective about the future

- Optimistic

- you think that good things are going to happen in the future

- Pessimistic

- you think everything will get worse in the future

The entrepreneurial mindset

Examples:

- U.S. is optimistic and undefined
→ the lowest savings rate

- China is pessimistic and undefined
→ the highest savings rate

The entrepreneurial mindset

- Entrepreneurs are optimistic and defined

- They have a general idea about the future, and they like where it's going

- They're sure they will find opportunities to make money in the future

Lecture 13

Understanding the business life cycle

The business life cycle

- All businesses have 4 distinct phases

✓ Phase 1: Pre-launch

- they spot an opportunity and gather resources
- they work by themselves or with a co-founder
- they research the market

The business life cycle

✓ Phase 2: Startup

- taking everything you've done in the previous stage and going out and doing it
- hiring people, bringing in your first customers
- small operations
- the entrepreneur is doing everything that's necessary

The business life cycle

✓ Phase 3: Growth

- growing the business
- increased revenue
- growing the client base
- the entrepreneur is settled in an executive position

The business life cycle

✓ Phase 4: Maturity and potential decline

- you're in multiple countries or cities
- the growth rate is slowing
- if you don't expand or pivot, you might expect decline

The business life cycle

- Entrepreneurs are crucial in stages 1 and 2, they're important in 3, and in 4 they're obsolete

- They can go and start something else once the first business is growing by itself

- Not all businesses make it all the way to the end of the cycle

Lecture 14

The different types of income

The different types of income

- Active income - dependent on showing up and doing something

- Passive income - you make money regardless of what you actually do

- Examples of passive income: investing in stocks, dividends

The different types of income

- Entrepreneurs want to build something that provides passive income

- They're searching for a high ratio of Passive:Active income

The different types of income

- Recurring revenue: Instead of selling something and getting paid once, you sell something and clients pay you repeatedly, as long as they use it or as long as they're a member

- Example: Subscription packages

The different types of income

- Planned obsolescence: Most products and services are designed to break

- If you sold something once, clients will never buy from you again

- If they come back every time something breaks or needs an update, you will earn more money

Lecture 15

The process of opportunity recognition

The process of opportunity recognition

#1 Recognizing the opportunity
- a problem, an opportunity for adding a benefit

#2 Conceptualization
- you realize there's an opportunity and you research markets and validate the idea

The process of opportunity recognition

#3 Planning
- gathering resources, figuring out how you're going to tackle the opportunity
- thinking about the business model

#4 Launching the business
- going out and trying the idea