

THE TECHNICAL UNIVERSITY OF KENYA

DEPARTMENT OF ENTREPRENEURSHIP AND TECHNOLOGY MANAGEMENT

Introduction to Entrepreneurship–

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LESSON ONE

ENTREPRENEURSHIP:

Classical and neo-classical theorists have labored in trying to define entrepreneurship, but there is no single definition of Entrepreneurship. It all depends on the focus of the one defining it and from which perspective one looks at it. Some researchers look at entrepreneurship from the economics view, sociology, and psychology, others look at it from the management perspective, while others look at it from the social perspective. Entrepreneurship is therefore a multidimensional concept.

An entrepreneur: A person who pays a certain price for a product to resell it at an uncertain price by making decisions about obtaining and using resources while consequently assuming the price of an enterprise – (Richard Cantillon, a French economist”) Entrepreneurs are gifted dreamers, are unusual, trade their parades, and they hear their music. They change agents and do unexpected things to contribute to the spirit of free enterprise.

Importance of Entrepreneurship in Tertiary Institutions

- To inculcate entrepreneurial behavior/spirit in learners and encourage them to develop a splitting eye for opportunities.
- Enhance self-reliance, creativity, and innovative mind. Entrepreneurship helps students to generate new relationships and be resourceful to the community and create jobs.
- Allow students to better understand and integrate finance, economics, and accounting through business planning and enrich the educational experience.
- It equips students with critical decision-making skills that enhance the success of graduates in the job market. Knowledge for its own sake.
- Develop skills to harness existing resources and solve socio-economic needs in the community.
- Equip potential entrepreneurs with the necessary tools to handle the ever-changing business environment (lifestyle, fashion, taste). Entrepreneurship offers the possibility to experiment with pedagogy and curricula as it is generally outside traditional boundaries.
- An entrepreneurial mindset increases the transfer of technology to the market from the university through the development of technology-based business plans and student involvement with technology licensing.

Entrepreneurship and Business.

Entrepreneurs distinguish themselves from business persons in society in terms of performance and quest to make a positive change. The table below summarizes the difference between entrepreneurs and business people.

All entrepreneurs are businessmen but not all businessmen are entrepreneurs.

ENTREPRENEURSHIP	BUSINESS
• Synergistic	• Independently owned and operated
• Originality – thrives operating, in uncharted waters (own startups)	• Mostly operates retailing and franchising operations on un-original ideas (own businesses)
• The speed of wealth creation is higher	• Takes longer to register meaningful wealth
• Empire building/Legacy/belief in changing the world/growth	• Income orientation/ profits (purpose) Enterprise characterized by stagnation
• Take crazy risks but because they pursue their passions, -can enjoy and control the environment	• Take manageable risks
• In entrepreneurship, employees are peers, partners, and the team that helps the business to grow. The entrepreneur is a leader.	• In business employees are workers and the owner is a manager/boss.

Role of Entrepreneurship in economic development.

What is economic development? Economic development refers to policy interventions used by governments to improve the economic well-being of the people and quality of life by **creating jobs** and **supporting incomes** and the tax base.

Entrepreneurship plays a vital role in the development of a country's economy as this is the key contributor to innovativeness, product improvement, and reduction of unemployment. Since economic development can be achieved, by creating employment opportunities for those who are unemployed or by creating better employment opportunities for those who are already employed better employment opportunities generate more incomes, and when income is good, people can improve their living conditions. They can access better health services, and improve

their education standings, housing, drinking water, and their social status as a whole. Such improvements are what are referred to as Social Development.

Broadly speaking, economic development has focused on three areas:

- Policies that the government undertakes to help achieve objectives such as high employment expanded and sustained tax base, price stability, and sustained growth;
 - Government programs aimed at the provision of infrastructure and services such as highways, parks, affordable housing, crime prevention, and quality education;
 - Policies and programs directed towards job creation and retention and through specific efforts in business finance, small business start-up and development, business retention and expansion, technology transfer, workforce training, and real estate development.
- This area focuses on economic development professionals.

How does Entrepreneurship contribute to economic development?

- ***Investment*** - leading to the production of goods and services that better people's lives. Increased goods and services also stimulate growth.
- ***Import/export promotion***, leading to a balance of trade/payment and promotion of international trade (consumers get exposed to quality goods and services if their economies are underdeveloped).
- ***Contributes to the gross national product-*** Entrepreneurship contributes to the national exchequer and the national economy as a whole. The GNP of the country is calculated based on the total number of products and services available in a respective country. The more products and services are available the higher the GNP. It indicates the economic prosperity of the country.
- ***Creation of employment-*** Entrepreneurs create companies that offer employment to citizens. This has a multiplier effect, (incomes derived help employed people make savings that could be used to create other businesses or purchase goods and services/improve living standards/reduce poverty.
- ***Capital formation-*** Money goes where there is an idea. Japan is an industrialized country that has managed to accumulate capital.
- ***Rural-urban balance-*** Entrepreneurship can be used to control the influx of job seekers to urban centers, (resources are distributed, environments controlled, populations managed health improved due to decongestion)

- **Innovations** - it is through entrepreneurship that important innovations enter the market leading to new products or production process which eventually increases efficiency by bringing competition into the market. Competition stabilizes prices. Innovations also contribute to the retention and expansion of businesses.
- **Government revenue**; Entrepreneurship generates revenue for governments and supports/expands the tax base. The government can use these revenues to develop infrastructure, employment retention for the civil service, quality education and health care, etc.

You must note that entrepreneurship is not about profitability at first but it's about providing **solutions**. Entrepreneurship is NOT small business or hawking.

Evolution of Entrepreneurship-

Entrepreneurship has evolved over the years and the form of entrepreneurship being practiced in the 21ST century has been extended to include elements not related necessarily to business formation activity, but which fulfill the primary objectives of entrepreneurial activity.

Hunting stage → Pastoralism → Agriculture → Handcrafts → Industrial age

The current forms of entrepreneurial activity.

- **Social entrepreneurship**: local problem-solving strategies through group therapy. “Social Entrepreneurs” build a business that considers their impact on society its primary Return, on Investment (ROI). Social entrepreneurs are focused on making a difference and using business principles to help society fulfill its dreams. Social entrepreneurship involves putting innovation and ideas into social change, as opposed to putting innovation into business. The process of social entrepreneurship typically begins with the identification of a social issue or problem that traditional approaches do not resolve. Social Entrepreneurs develop alternative ways of looking at the problem and utilize available resources and channels to spark change. While social entrepreneurs may generate income from their innovation, their primary focus is implementing systems or processes with long-lasting effects. They are more interested in making the world a better place. A good example of a social entrepreneur is Mohammed

Yunus. Yunus is the founder of the Grameen Bank, an institution that provides microcredit loans to those in need to help them develop financial self-sufficiency.

Mycoskie, the founder of TOMS in 2006 discovered that many children in Argentina got sick or injured because they do not have shoes. To combat this, he created TOMS, a business that donates one pair of shoes to needy people for every pair that's bought. So far, the company has donated more than a million pairs of shoes.

- **Knowledge entrepreneurship:** vital information sharing/technology transfer. An emerging type of knowledge entrepreneur is an info entrepreneur.
- **Political entrepreneurship;** lobbying for political support and intervention in best practices. Entrepreneurs are agents of change and political entrepreneurship takes shape, “when entrepreneurs notice areas of weakness in the structure of ideas, institutions, and incentives, and then find ways to change the institutional rules in those areas. They become the driving force of political change”.
- **Youth social entrepreneurship:** involve youth in constructive societal problem-solving activities in an entrepreneurial way.
- **Cultural entrepreneurship:** encouraging creative arts/talent use for economic purposes /training of individuals for the creative industry. (Cultural Entrepreneurs are cultural change agents and resourceful visionaries who organize cultural, financial, social, and human capital, to generate revenue from a cultural activity. Their innovative solutions result in economically sustainable cultural enterprises that enhance livelihoods and create cultural value and wealth for both creative producers and consumers of cultural services and products.” (Helmut et al, 2008).
- **Corporate entrepreneurship** - refers to the development of new ideas and opportunities within large or established businesses, directly leading to the improvement of organizational profitability and an enhancement of competitive position or the strategic renewal of an existing business. Corporate entrepreneurship helps risk-averse companies to innovate; pursue venturing.

Venturing is a primary component in the process, pushing larger companies to enhance their overall competitiveness in the marketplace by taking bigger risks. Examples of these risks, as seen in a large-scale organization, may include; the redefinition of the business concept, reorganization, and the introduction of system-wide changes for Innovation. The Company also acquires leadership continuity in the industry.

Setting up the corporate entrepreneurship environment

In modern business, one of the primary tasks of the business leader is to foster an environment in which entrepreneurial thinking is encouraged and readily takes place. Corporates can promote this culture by:

- Freely encouraging creativity (and thereby innovation),
- Build employee trust - business leaders motivated toward corporate entrepreneurship must continuously strive to exude and build trust, embracing the risk of failure and inspiring those around them to take similar calculated risks.
- Use of the reinforcement principle - promotion of meritocracy and efficiency. People work hard and well in an environment that respects justice.
- Encourage sharing of information through professional teamwork
- Reevaluation of emerging information and the business environment to make necessary adjustments.
- Maintain an open, dialogue between employees and upper management - Dialogue will effectively motivate and engage employees. Always allow employees to present their ideas before important decisions are made. Provide feedback to employees, even when their ideas are not used, so that they know that they are not being dismissed.
- Being flexible and forgiving - Inflexible environments discourage innovation. Innovation often involves taking risks. Encourage employees to think outside the box and implement ideas without interference.
- Provision of Leadership – Leads, do not manage.

Other forms include:

Techno-partnership - technology-based innovations that are built around the web-based companies making apps and digital devices consumers use every day.

Green-partnership - the building of companies that have a positive impact on the environment.

The Entrepreneurial Process

Entrepreneurial process means the process of starting and nurturing an entrepreneurial Venture and should not be confused with the legal procedures of starting a business. It involves the creation of a new organization to pursue an opportunity. Entrepreneurship is not typically characterized as being logical, systematic, or planned and the entrepreneurial process is perceived as disorderly and unpredictable. The most popular model was designed by Timmons to describe an entrepreneurship process.

- *Idea generation/discovery*: An idea is just a hunch, which through research, could be evaluated to assess its viability.
- *Business plan*: After a feasibility analysis, the idea is translated into a business plan to test the workability. The primary issues in a business plan are the mission and vision statement, goals and objectives, capital requirements, and a description of products and services.
- *Resourcing*: It is the entrepreneur's responsibility to attract sufficient quality resources by convincing funders, prospective employees, and suppliers to invest in the business. The step involves identifying the sources from where the finance and the human resource can be arranged. Investors for its new venture and the personnel or the team to carry out the business activities must be carefully selected.
- *Management*: This step involves deciding on the management structure or the hierarchy that is required to solve operational problems when they arise. Entrepreneurs are leaders and build heroes in the team through gainful negotiations. The entrepreneurial teams transform creative ideas into commercial realities through hard work and determination.

LESSON 2

THE ENTREPRENEUR

Definition: *Paul Burns and Jim Dewhurst* (1989) define an entrepreneur as an individual who establishes and manages a business for the principal purpose of profit and growth. He is characterized by innovative behavior and will employ strategic management practices in the business.

A general *business dictionary* defines an entrepreneur as: “a person who organizes and manages any enterprise, especially a business, usually with considerable initiative and risk”.

Entrepreneurs are described as *agents of change*. Most socio-economic and even political change is initiated by individuals with entrepreneurial mindsets. In his book Innovative Entrepreneurs, Peter Drucker defines entrepreneurs as innovators. Innovation is the specific tool and means by which they exploit changes as an opportunity for different businesses or services.

ENTREPRENEUR AS AN AGENT OF CHANGE

In evolutionary economics “firms are the key actors”, while individuals are viewed as interchangeable and their actions determined by the firms they are in. However, new firms are innovative largely because they are propelled by singular individuals. One of the few economists to have recognized the profound impact of enterprising individuals was Schumpeter, who wrote passionately about the agency of entrepreneurs. An agent is an individual with “transformative capacity” such that “whatever happened would not have happened had that individual not intervened” In this way, the agency does not refer so much to intentions, as to capabilities: action depends upon the capability of the individual to “make a difference to a pre-existing state of affairs” or course of events. An agent ceases to be such if he or she loses the capability to “make a difference”, that is, to exercise some sort of power. For Schumpeter, to be an entrepreneur was to be an agent of change: “...the entrepreneur and his function are not difficult to conceptualize: the defining characteristic is simply the doing of new things or the doing of things that are already being done in a new way (innovation)” Yet, the entrepreneur was not to be confused with the inventor, for while “the inventor produces ideas, the entrepreneur gets things done. Small business does not make one an entrepreneur. Rather, entrepreneurs are individuals that “create something new, something different: they change and transmute values.”

According to Kelly (1998), Changes come at different wavelengths: -

- a) Changes in the way the game is played - this produces winners and losers e.g. Ericsson, Nokia, etc.;
- b) Changes in the rules of the game produce new industries or force old industries to restructure. They generate new sectors in the economy and new kinds of games e.g. IT boom or *new laws* regulating the meaning of a business enterprise or classifications.
- c) Changes in how the rules of the game are changed - changes change themselves:

There is a new societal paradigm shift developing in the socio-economic world environment. Around three hundred years ago, civilization was based on agriculture and the land was the basis for all economies (wave one). Then came the industrial revolution (wave two). However, traits that characterized the industrial revolution are being erased. In this wave (wave 3), our establishments are being questioned, our economies shaken, our values scattered and our power systems weakened. Old ways of thinking, dogmas, and ideologies are being-questioned however valuable. The industrial society is giving way to a new economy - this is the entrepreneurial society.

In this new society; -

- i. IT and other technologies play a vital role;
- ii. Knowledge is Central. (Entrepreneurs do not obey the traditional economic laws of scarcity);
- iii. The business has new content;
- iv. relationships and networks are more important;
- v. New types of capital (visual capital, relationship capital, human capital, structural capital, financial & real capital);
- vi. There are new kinds of organizations and work; globalization (created as a result of free and fast flow of information, ideas, and capital; developments in fast means of transport

These changes are brought about by the creative and innovative abilities of entrepreneurs.

Joseph Schumpeter refers to these processes as “*creative destruction*”.

Why are we interested in studying Entrepreneurs?

- 1) Entrepreneurs contribute immensely to entrepreneurial development, which is key to economic development and growth. The objectives of industrial development, regional growth, and employment generation all depend upon robust entrepreneurial development.

- 2) By examining-predominant qualities of true entrepreneurs, it is possible to develop the next generation of entrepreneurs through emulation (of successful entrepreneurs), and nurture.

Many people have spent energy, effort, and money trying out business only to waste resources due to a lack of insight. Understanding what “makes an entrepreneur entrepreneurial is a “coaching experience.”

- 3) It helps aspiring entrepreneurs assess their abilities and actions through self-assessment tests (SATs) and acknowledge whether or not they are suited to an entrepreneurial career. For those; who are fitted for an entrepreneurial career knowing how to verbalize, list, and define the fundamental essential temperament or nature of an entrepreneur can help them define and chart out their dreams.
- 4) According to Business Coaching Articles, learning about the symptoms and traits of the entrepreneur can give added hope, fuel, and impetus as it resonates with what potential entrepreneurs already know about themselves and their aspirations.
- 5) Having an inventory of entrepreneurial qualities to refer to could offer a way to better clarify our sense of purpose. It can help us reach objectives en route to greater attainment of higher goals and bigger benchmarks. And grasping practically and tangibly the disposition of the successful entrepreneur can give us a wonderfully inspiring boost of confidence, foresight, and determination when we realize that we, too, share that winning attitude.
- 6) It helps us appreciate entrepreneurs and the role they play in society. Studies show that entrepreneurs contribute to economic development in the following ways: -
 - They organize different factors of production like land, labor, and capital and in this process, provide goods and services to the people.
 - They create wealth and give employment to large sections of society.
 - They preserve natural and other resources which they use as sources of raw materials. By so doing they minimize depletion and environmental degradation.
 - They facilitate economic development by participating in increased income per capital through wages. They also play a pivotal role in regional development by setting up industries in backward .or underdeveloped areas.
 - They contribute to infrastructure development.

- They are the main source of government revenue through corporate taxation.

Characteristics of successful entrepreneurs

Being an entrepreneur requires much more than generating good ideas. Research portrays an entrepreneur as a rare breed; a person with a unique cocktail of traits, skills, and characteristics that allow him to beat all odds and go after his dreams. According to Harvard Business School Academics, what makes some people successful and others unsuccessful whether in economic social, or corporate entrepreneurship is a combination of skills, luck, and good timing.

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Characteristics common to all entrepreneurs include:

Passion: The number one characteristic shared by successful entrepreneurs is a passion for their ventures. They genuinely love what they do which enables them to put in extra hours to make their businesses grow. They get a genuine sense of pleasure from their work that goes beyond just cash. The passion typically stems from the belief that the enterprise will positively influence people's lives.

Execution intelligence: The ability to fashion a solid idea into a viable business is a key characteristic of successful entrepreneurs. The ability to effectively execute a business idea means developing, a business model, putting together a new venture team, raising money, establishing partnerships, managing finances, leading and motivating employees, etc.

Creativity and innovativeness: Creativity is the intellectual power to create something Original - rather than imitate something which already exists - through imaginative skills. Such creations may be new or developed by synthesizing two or more unrelated factors or through modification of something that existed before. Entrepreneurs are inherently creative. They can come up with ingenious ideas and turn them into profits.

Innovation is the introduction of something new - whereas creativity is the ability of imaginative skills to create something new, innovation is the introduction of the end product of creative imagination.

Product/Customer Focus: Developing products that enhance people's lives is an aspect of the entrepreneurial process.

Self-confident all-rounder: Confidence is a hallmark of the entrepreneur. Many confident women and men gain their sense of self-esteem and faith in their ability to overcome challenges by acting and then gaining strength and belief in themselves by seeing the results which makes them gain the praise and respect of others.

Goal orientation/Results orientation- Entrepreneurs are capable of setting goals and putting their all into making them happen (achieving them). They also tend to be, strategic in their

game plans and always have a clear idea in mind of exactly what they want to achieve and how they plan to achieve it.

Professional risk-taking: To succeed means taking measured risks. Though entrepreneurs take high risks, they exhibit an incremental approach to risk-taking at each stage exposing themselves to only a limited measured amount, of personal risk - moving from one stage to another as each stage is proved.

Ability to bounce back/tenacity: Entrepreneurs can cope with mistakes and failures and are always, ready to try again.

Total Commitment: hard work, energy, and single-mindedness are essential, elements in the entrepreneurial profile.

They are hands-on: Entrepreneurs' are inherently proactive and believe that if there are things that need to be done, they should do them themselves - meaning they are doers, not thinkers, and have very-exacting standards. Business to them is an extension of themselves and tends to be an integral part of the daily operations of business operations.

Thriving on uncertainty - Entrepreneurs are capable of keeping their cool throughout uncertainties and can still flourish and grow in the wake of any challenges.

Sense of Ownership/Taking responsibility - Rather than viewing a problem as someone else's the entrepreneur sees it as his or her own and takes pride in finding a solution, leaving things in better shape than they were before encountering them and improving upon situations rather than leaving them unattended. They conduct their duties with care and attention (owning).

High need to achieve: inner drive and craving for success are hallmarks of a person with entrepreneurial desires. The high achievement motive strengthens them to overcome obstacles and temporary setbacks.

Initiative: an entrepreneur should always take the initiative, accept personal responsibility for any action, and make good use of the available resources.

Energy: physical and mental fitness plays an important role in entrepreneurial activities.

Autonomy; - one of the common characteristics of successful entrepreneurs has been that they do not like to be guided by others and to follow their routine.

Optimistic: - A positive outlook is an essential element of entrepreneurial behavior. Past shortcomings, failures, or disappointments are relegated to the past so that they cannot continue to haunt the present or obstruct the future.

Skills: -

Opportunity seeking: Entrepreneurs believe in turning every event into a business opportunity and they constantly generate new and innovative ideas to improve their operations and offers.

Willingness to listen and learn: The most important element of learning is listening entrepreneurs are good listeners. They are often “autodidactic” learners, which means that much of what they know is not learned in a formal classroom setting but instead on their own by seeking out information, asking questions, and doing personal reading and research. They also are quick to learn from, their own mistakes, which means they are less prone to keep repeating them.

Communication, Leadership, and People skills: Leadership is the art of influencing others to get things done. Entrepreneurs are said to have natural abilities to motivate, inspire and influence those around them including markets. This is made possible because they tend to have **strong communication skills** and it's this strength that enables them to effectively manage people (exhibited in their ability to sell their products and services to clients. recruit suitable employees and direct their actions (people skills).

Team-work / Team player: Entrepreneurs know how to succeed by employing the physics of interpersonal synergy and dynamic relationships. True entrepreneurs surround themselves with people who either know more than they do or know things that are different from what they know. They entertain the views of others and perspectives that may be unlike their own to be better students of human nature. In this way, they continue to enrich themselves with knowledge.

Organizational ability: entrepreneurs can use their time, energy, and resources effectively to achieve business goals.

Organizational skills can be classified into three: -

- Physical organizational skills - These are measures that- make a person's immediate surroundings near and conducive to accomplishing tasks in a structured manner.
- Mental organizational skills - These are the skills that help entrepreneurs to make sound decisions, and prioritize and concentrate on tasks to deliver high-quality, desirable results. People need good mental organizational skills to avoid distractions and confusion in the course of discharging their mandate.
- Time management - involves keeping schedules, delegating duties, and working within limited time frames to achieve desired objectives. A time-conscious person is usually

results-oriented and meets strict deadlines.

Basic technical knowledge: Technical skills are the knowledge and capabilities to perform specialized tasks, by adhering to specific methods, procedures, or rules. E.g. mathematical, engineering, scientific or computer-related duties, as well as other, specific tasks relating to technology. In summary, other than qualities such as self-confidence, entrepreneurship requires /managerial abilities summed up in the above skills or the ability to manage the **6 Ms (Man, Money, Machines, Markets, Materials, and Methods)**

Myths associated with entrepreneurs

- **Entrepreneurs are doers, not thinkers:** Doing is great but if you are not using your head, then your actions won't get you far.
- **Entrepreneurs are always inventors:** some people reinvent the wheel to be more efficient. Most entrepreneurs utilize something that is already established, slightly twisting the established product or idea and selling it.
- **Entrepreneurs are academic and social misfits:** This comes as a result of the media highlights of the fact that many large and successful companies have owners or creators that were high school or college, dropouts. On the contrary, there are Harvard & Yale or Stanford graduates who run multi-million-dollar businesses.
- **All entrepreneurs need money:** Ventures indeed need capital' to survive. Many successful entrepreneurs have overcome a lack of money while establishing their ventures. To those entrepreneurs, money is the source, but never an end in itself.
- **All entrepreneur's need is luck** - being in the right place at the right time is always an advantage but "luck happens when preparation meets opportunity". What appears to be luck could be years of preparation, determination, desire, knowledge-seeking, and innovativeness.
- **Entrepreneurship is unstructured and chaotic:** there is a tendency to think of entrepreneurs as gunslingers - people who shoot from the hip and ask questions later. The reality is that entrepreneurs are heavily involved in all facets of their ventures and they usually number of balls in the air at the same time but are skilled to know at what point they should toss. As a result, they are typically well-organized individuals. -Their systems may look chaotic to ordinary observers but are strategic.
- **Entrepreneurs are born not made:** A person can be born with tenacity or good, communication skills but this doesn't mean these traits must be possessed to be a good entrepreneur. What do you think?

Functions of Entrepreneurs

<i>Major functional areas</i>	<i>Functions</i>
1) Identifying a new venture opportunity	<ul style="list-style-type: none"> - Carry out market research -and analyze Techno-economic feasibility of an idea and take risks. - Accomplish the development of a new -product or service.
2) Planning a new venture	<ul style="list-style-type: none"> - Prepare project reports/business plan. - Estimate technical knowhow, plant, machinery; suppliers', and supporting services needed; - Estimate capital requirements; - Decide the layout of production operations and space requirements.
3) Organizing a new venture	<ul style="list-style-type: none"> - Choose me form of ownership of the proposed firm (sole proprietor, partnership, private/public company, joint the venture, merger, franchise, etc.) - Determine organization structure; - Initiate steps for observance of related statutory and non-statutory and non-statutory requirements. - Obtain a certificate of registration, required permits, arrange insurance coverage and engage staff.
4) Managing Finance	<ul style="list-style-type: none"> - Decide the financial/capital structure; outline business credit policy; maintain proper books of accounts; analyze financial statements and compare actual performance with budgeted estimates.
5) Managing production operations	<ul style="list-style-type: none"> - Formulate purchasing policy and inventory control, systems; formulate a framework for total

	quality control and guidelines for production schedule and ensure the 8 Rs of procurement are maintained -(right quality, right source, right price, right quantity, delivered at right place at the right time, right transport, right contract).
6) Managing Workforce	- Arrange systematic manpower planning; prepare job descriptions for all positions; decide on pay and perquisites for each position, select and recruit the right person for the right job.

Types of Entrepreneurs

Entrepreneurs may be classified into the following categories: -

A. According to their economic conduct

- *Self-employed*: individuals who perform all the work and keep all the profits. This includes everything from family-run stores, agents, repairpersons, and accountants to physicians and lawyers.
- *Opportunistic entrepreneurs*: those who start a business and expand as fast as possible to be able to hire other employees. Most of the time, those additional employees have needed expertise that the owner does not have.
- *Pattern multipliers*: those who look for ideas someone else has already created and then create their businesses based on following another's model. Franchise operations or chain stores are a form of this approach.
- *Inventors*: those with particular inventive abilities who design a better product and create companies to develop, produce, and sell the item, High-technology companies of this type are a new trend.
- *The economy of scale exploiters*: those who benefit from a large volume of sales by offering discount prices and operating with very low overheads.
- *Acquirers*: those who take over a business started by another and use their ideas to make it successful. This often happens when there is a financial problem in the current operation. Fresh management ideas may save the business.
- *Buy-and-sell-artists*: Those who buy a company to improve, it before, selling it.
- *Speculators*: those who purchase a commodity and resell it for a profit, Real estate,

arts, antiques, and crops are typical speculator items.

- *Internal entrepreneurs*: those who create new ideas and make them into a successful projects within an existing business. Although they have neither profit nor personal financial risks of their own, they need to use the same methods of operation as an entrepreneur.

B. According to the type of trader-entrepreneurs have also been described as:

- *Business Entrepreneurs*- those who conceive an idea for a new product or service and then create a business to turn the ideas into reality. They almost tap both the production and marketing resources to develop a new business opportunity. Such entrepreneurs are ready-made garments, printing houses, spare parts, advertising agencies, or confectionaries.
- *Trading entrepreneurs*: these are not concerned with manufacturing work, but only under trading activities. They identify potential markets, stimulate demand for their product line, and sell.
- *Industrial entrepreneurs*: these are product-oriented people who start an industrial unit for making some new product. They are manufacturers who identify the potential needs of customers and tailor products or services to meet, the market needs. Industrial entrepreneurs are found in the electronics industry, textile units, food products, detergents, etc.
- *Imitative entrepreneurs*: these imitate the products or methods developed by innovative entrepreneurs. At the most, they may make slight modifications.
- *Agricultural entrepreneurs*: these undertake agricultural activities such as raising are marketing crops, fertilizers, and other farm inputs. The government motivates and encourages them to undertake agricultural activities through mechanization, irrigation, and other application of technologies for dry land agricultural products. Most of them are found in horticulture, dairy, forestry, etc.

C. According to the source of motivation:

- *Pure entrepreneurs*: those motivated by psychological and economic rewards. They undertake entrepreneurial activities for personal satisfaction in work, status, or ego.
- *Induced entrepreneurs*: those who are induced to take up entrepreneurial tasks due to the various policy measures, incentives, concessions, and tax benefits offered by

the government to start a venture. A person with a sound project is provided with a package of assistance for his project.

- *Spontaneous entrepreneurs*: these are naturally talented entrepreneurs. They are persons with initiative; boldness and confidence in their ability that motivates them to undertake the entrepreneurial activity. They have a strong conviction and confidence in their inborn abilities.
- *Innovators*: are entrepreneurs who introduce new products or services or initiate new systems in the economy. They are very positive in their thinking, aggressive in nature, and present their products with zeal, devotion, and optimism. Example: **Henry Ford**- develop the assembly line technique of mass production popularly known as “Fordism” His introduction of a low-cost strategy resulted in many technical and business innovations, including a Franchise system.

EXAMPLES OF ENTREPRENEURS

Entrepreneurs who failed many times and rose again

Success consists of going from failure to failure without loss of enthusiasm.”- Winston Churchill

- a) **Walt Disney** is the businessman behind the very successful theme park “**Walt Disney World**”. Walt Disney was reportedly fired by a newspaper editor for not having good ideas and no imagination. Disney World is currently valued at 35 Billion dollars.
- b) **Thomas Edison**: Before becoming successful, Thomas Edison tried more than **10,000 times** to invent the light bulb. When asked about his failures, Edison stated that he knew “definitively over 9,000 ways that an electric light bulb will not work.”
- c) Known for his bestselling book “***The 4-Hour Workweek***” was turned down by 25 publishers before it was finally picked up. Tim’s book went on to sell millions of copies making him a force to be reckoned with in the Entrepreneurship landscape.
- d) **Ford** founded two automotive companies that failed before he was able to gain success with the *Ford Motor Company*. At his time of death, Ford’s estimated net worth was 188 billion dollars. Ford's first two car companies failed and left him broke.

These stories prove that sometimes in business failure can be our best motivator.

- e) **Fred Smith:** While studying at Yale University, he presented a business idea to his business management class that received a nearly failing grade. The idea was for a parcel service that could deliver packages overnight. Smith ignored the grade and founded FedEx.
- f) **Soichiro Honda:** Honda initially applied for a job at Toyota as an engineer, but was turned down. Being jobless, he started making scooters at home, which he sold to neighbors. With the support of his family, he founded Honda, the world's largest motorcycle manufacturer and one of the most profitable automakers.
- g) **Akio Morita:** You may not have heard of Morita but you've undoubtedly heard of his company Sony. Sony's first product was a rice cooker that unfortunately didn't cook rice so much as burn it, selling less than 100 units. This first setback didn't stop Morita and his partners as they pushed forward to create a multi-billion-dollar company.
- h) **Bill Gates:** Gates didn't seem like a shoo-in for success after dropping out of Harvard and starting a failed first business with Microsoft co-founder Paul Allen called Traf-O-Data. While this early idea didn't work, Gates later created the global empire that is Microsoft.
- i) **Orville and Wilbur Wright:** These brothers battled depression and family illness before starting the bicycle shop that would lead them to experiment with flight. After numerous attempts at creating flying machines, several years of hard work, and tons of failed prototypes, the brothers finally created a plane that could get airborne and stay there.
- j) **Michael Jordan:** Most people wouldn't believe that a man often lauded as the best basketball player of all time was cut from his high school basketball team. Luckily, Jordan didn't let this setback stop him from playing the game and he has stated, "I have missed more than 9,000 shots in my career. I have lost almost 300 games. On 26 occasions I have been entrusted to take the game-winning shot, and I missed. I have failed over and over and over again in my life. And that is why I succeed."

Leanna Archer

Leanna'sHair

Leanna Archer was just 9 years old when she began bottling and selling her hair pomade to friends and family. Based on her great-grandmother's secret recipe, Archer's line of all-natural hair products has expanded to include a variety of hair cleansers, conditioners, and treatments. The now 17-year-old serves as the CEO of her company and has been recognized by prominent business publications like Forbes and Success Magazine. She even started the Leanna Archer Education Foundation to help build schools and safe learning environments for underprivileged children in Haiti.

Assignment: Self-assessment Test

1. Enumerate your traits alongside those of successful entrepreneurs. Would you consider yourself an entrepreneur, intrapreneur, businessman, or none?