

CHAPTER 1

Entrepreneurial opportunities

situations in which new goods, services, raw materials, and organizing methods can be introduced & sold at a greater price than cost of production

Entrepreneurial action

- involves creation of new products or processes
- involves entry into new markets
- may occur thru newly created org or w/in an established org

Entrepreneurial thinking

individuals' mental processes of overcoming:

- whether a signal represents an opp for someone
- whether that opp is applicable to the individual
- process feedback from action steps taken

superficial similarities

basic elements of the technology resemble the basic elements of the market

structural similarities

underlying mechanisms of the technology resemble the underlying mechanisms of the market

bricolage

- applying combo of resources at hand to new probs & opps
- taking existing resources and tinkering to reframe them to be used in new ways

causal process

- starts with desired outcomes
- focuses on the means to generate that outcome

effectuation process

- starts with what one has
- selects among possible outcomes

entrepreneurial mind-set

ability to rapidly sense, act, and mobilize even under uncertain conditions

cognitive adaptability

describes extent entrepreneurs are...

- dynamic
- flexible

- self-regulating
- engaged in process of generating multiple decisions

sensing and processing changes in their envs and acting on them

metacognitive awareness

ability to reflect, understand, and control one's thinking & learning

comprehension questions

increase entrepreneurs understanding of the nature of the envi

connection tasks

stimulate thinking about similarities & diffs of the current situations w/ previously solved situations

strategic tasks

identify strategies that are appropriate for solving the prob / pursuing the opp

reflection tasks

stimulate entrepreneurs to think about their understanding and feelings as they progress thru the entrepreneurial process

entrepreneurial intentions

motivational factors that influence individuals to pursue

entrepreneurial self-efficacy

conviction that one can successfully pursue entrepreneurial outcomes

perceived desirability

degree to which a potential entrepreneurial outcomes is evaluated as favorable/unfavorable

education

- provides wider net for discovery/generation of opps
- assists in adapting to new situations
- does not necessarily determine whether the person will create a new business

age

usually between ages 22 & 45

role models

people whose example as an entrepreneur others can aspire to

moral-support network

people who give psychological support to an entrepreneur

professional-support network

people who help the entrepreneur in business activities

sustainable entrepreneurship

preserving nature, life support, and community in pursuit of perceived opps to bring future products, processes, & services into existence for gain

Chapter 2

What is corporate entrepreneurship?

Action within an established organization; most strongly reflected in entrepreneurial activities as well as in top mgmt orientations

What are the four key elements of entrepreneurial endeavors?

new business venturing, innovativeness, self-renewal, and proactiveness

What is the definition of new business venturing?

Refers to the creation of a new business within an existing org; create value with tweaking existing product, developing new markets, forming new firms

What is the definition of innovativeness?

Refers to products/services innovation, with an emphasis on development and innovation in tech

What is the definition of self-renewal?

The transformation of an org through the renewal of key ideas on which it is built; redefinition of business concept and changes in systems to facilitate innovation

What is the definition of proactiveness?

Related to initiative, risk taking, aggressiveness and boldness, which are particularly reflected in the orientations of top mgmt

Entrepreneurial management has 8 dimensions, what are they?

strategic orientation, commitment to opportunity, commitment of resources, control of resources, mgmt structure, reward philosophy, growth orientation and entrepreneurial culture

What is the definition of strategic orientation?

Factors that are inputs into the formulation of the firm's strategy; driving philosophy of decision making; more concerned about capitalizing on opport than resources which is secondary

What is the definition of commitment to opportunity?

Committed to take action on a potential opport rapidly; can draw resources from other efforts quickly in order to not lose that window of opport; tend not to place emphasis on data collection and analyses

What is the definition of commitment of resources?

Committed to minimize resources that would be required in pursuit of an opport; allows for change in strategies if opport is determined to be not worth pursuing; allows much more flexibility to capitalize on other opport

What is the definition of control of resources?

Thinking that focus on having access to others' resources, allowing them to deploys resources that will suit the firm overall; not focused on the owner of the resources

What is the definition of a management structure?

Structure has few layers between top mgmt and customer; has many informal communication channels

What is the definition of reward strategies?

Focused on pursuing opport for new entry that represent new valuf for the firm; rewards employees based on their contribution to the discovery or generation of exploitation of opport

What is the definition of growth orientation?

Desire to expand the size of firm at a rapid pace, not slow and at a steady manner

What is the definition of entrepreneur culture?

Encourages employees to generate ideas, experiment and engage in tasks that produces value

What are some of the characteristics of an entrepreneurial environment?

org operates on the frontiers of tech (has cutting-edge tech, new ideas encouraged, trial and error encouraged, failures allowed, no opport parameters (no obstacles that inhibits creativity), resources available and accessible, multidisciplinary teamwork approach, long time horizon outlook, volunteer program (involvement shouldn't be forced), appropriate reward system, sponsors and champions, and support of top mgmt

CHAPTER 3

New Entry

Offering a new product to an established or new market, offering an established product to a new market, or creating a new organization

Entrepreneurial Strategy

The set of decisions, actions, and reactions that first generate and then exploit over time a new entry

Resources

The inputs into the production process

Entrepreneurial Resource

The ability to obtain, and then recombine, resources into a bundle that is valuable, rare, and inimitable

Market Knowledge

Possession of information, technology, know-how, and skills that provide insight into a market and its customers

Technological Knowledge

Possession of information, technology, know-how, and skills that provide insight into ways to create new knowledge

Window of Opportunity

The period of time when the environment is favorable for entrepreneurs to exploit a particular new entry

Error of Commission

Negative outcome from acting

Error of Omission

Negative outcome from not acting

Assessment of a new entry's attractiveness

Determining whether the entrepreneur believes she or he can make the proposed new entry work

Key Success Factors

The requirements that any firm must meet to successfully compete in a particular industry

Emerging Industries

Industries that have been newly formed and are growing

Demand Uncertainty

Considerable difficulty in accurately estimating the potential size of the market, how fast it will grow, and the key dimensions along which it will grow

Technological Uncertainty

Considerable difficulty in accurately assessing whether the technology will perform and whether alternate technologies will emerge and leapfrog over current technologies

Uncertainty for Customers

Customers may have considerable difficulty in accurately assessing whether the new product or service provides value for them

Lead Time

The grace period in which the first mover operates in the industry under conditions of limited competition

Switching Costs

The costs that must be borne by customers if they are to stop purchasing from the current supplier and begin purchasing from another

Risk

The probability, and magnitude, of downside loss

Scope

A choice about which customer groups to serve and how to serve them

Imitation Strategies

Copying the practices of other firms

"Me-too" Strategy

Copying products that already exist and attempting to build an advantage through minor variations

Liabilities of newness

Negative implications arising from an organization's newness

Assets of Newness

Positive implications arising from an organizations newness

CHAPTER 4

Focus Groups

Groups of individuals providing information in a structured format

Brainstorming

A group method for obtaining new ideas and solutions

Problem Inventory Analysis

A method for obtaining new ideas and solutions by focusing on problems

Creative Problem Solving

A method for obtaining new ideas focusing on the parameters

Gordon Method

Method for developing new ideas when the individuals are unaware of the problem

Checklist Method

Developing a new idea through a list of related issues

Free Association

Developing a new idea through a chain of word associations

Forced Relationships

Developing a new idea by looking at product combinations

Collective Notebook Method

Developing a new idea by group members regularly recording ideas

Attribute Listing

Developing a new idea by looking at the positives and negatives

Big-dream approach

Developing a new idea by thinking without constraints

Parameter Analysis

Developing a new idea by focusing on parameter identification and creative synthesis

Product Life Cycle

The stages each product goes through from introduction to decline

Product planning and development process

The stages in developing a new product

Idea Stage

First stage in product development process

CHAPTER 5

International Entrepreneurship

An entrepreneur doing business across his or her national boundary

Current Account

The trade status of imports/exports between countries

Barter

A method of payment using non-monetary items

Third party arrangements

Paying for goods indirectly through another source

Political risk analysis

Prior to entering into business in another country, an assessment of that country's political policies and its stability

Exporting

The sale and shipping of products manufactured in one country to a consumer located in another country

Indirect exporting

In international business, involves having a foreign purchaser in the local market or using an export management firm

Direct exporting

Involves the use of independent distributors or the company's own overseas sales office in conducting international business

Non-equity agreement

A method by which an entrepreneur can enter a market and obtain sales and profits without direct equity investment in the foreign market

Licensing

Involves giving a foreign manufacturer the right to use a patent, technology, production process or product in return for payment of a royalty

Turn-key projects

A method of doing international business whereby a foreign entrepreneur supplies the manufacturing technology or infrastructure for a business and then turns it over to local owners

Management contract

a non-equity method of international business in which an entrepreneur contracts his or her management techniques and skills to a (foreign) purchasing company

Minority interest

a form of direct foreign investment in which the investing entrepreneur holds a minority ownership position in the foreign venture

Joint venture

The joining of two firms in order to form a third company in which the equity is shared

Majority interest

The purchase of over 50% of the equity in a foreign business

Horizontal merger

a type of merger combining two firms that produce one or more of the same or closely related products in the same geographic area

Vertical merger

a type of merger combining two or more firms in successive stages of production

Product extension merger

a type of merger in which acquiring and acquired companies have related production and/or distribution activities but do not have products that compete directly with each other

Market extension merger

a type of merger combining two firms that produce the same products but sell them in different geographic markets

Diversified activity merger

A conglomerate merger involving the consolidation of two essentially unrelated firms

Trade barriers

Hindrances to doing international business

CHAPTER 6

Intellectual Property

Any patents, trademarks, copyrights, or trade secrets held by the entrepreneur

Patent

Grants holder protection from others making, using, or selling a similar idea

Provisional patent application

The initial application to the US Patent and Trademark Office providing evidence of first to market

Trademark

A distinguishing word, name, or symbol used to identify a product

Copyright

Right given to prevent others from printing, copying, or publishing any original works of authorship

Trade Secret

Protection against others revealing or disclosing information that could be damaging to business

Licensing

Contractual agreement giving rights to others to use intellectual property in return for a royalty or fee

Product safety and liability

Responsibility of a company to meet any legal specifications regarding a new product covered by the Consumer Product Safety act

Contract

A legally binding agreement between two parties

CHAPTER 7

How long can a business plan take?

can take hundreds of hours to prepare, depending on the experience and knowledge of the entrepreneur.

Introductory Page

this is the title or cover page that provides a brief summary of the business plan contents.

Executive Summary

stimulates the interest of the potential investor.

Environmental and Industry Analysis

assessment of external uncontrollable variables that may impact the business plan.

Industry Analysis

reviews industry trends and competitive strategies.

Description of venture

provides complete overview of the product(s), service(s), and operations of a new venture.

Production Plan

details how the product(s) will be manufactured

Marketing Plan

describes market conditions and strategy related to how the product(s) and service(s) will be distributed, priced and promoted.

Organizational Plan

describes form of ownership and lines of authority and responsibility of members of new venture.

Assessment of Risk

identifies potential hazards and alternative strategies to meet business plan goals and objectives.

Financial Plan

projections of key financial data that determine economic feasibility and necessary financial investment commitment.

CHAPTER 8

Marketing Plan

Written statement of marketing objectives, strategies, and activities to be followed in business plan

Marketing System

Interacting internal and external factors that affect ventures ability to provide goods and services to meet customer needs

Marketing Mix

Combination of product, price, promotion, and distribution and other marketing activities needed to meet marketing objectives

Situation Analysis

Describes past and present business achievements of new venture

Target Market

Specific group of potential customers toward which a venture aims its marketing plan

Market Segmentation

Process of dividing a market into definable and measurable groups for purposes of targeting marketing strategy

Marketing strategy and action plan

Specific activities outlined to meet the venture's business plan goals and objectives

T or F: An entrepreneur of a new venture can gain information on competitors initially by utilizing as much public information as possible and then complementing this with a marketing research project

True

What is the implication of the upside-down pyramid approach to industry analysis by an entrepreneur of a new venture?

The upside-down pyramid approach helps the entrepreneur understand competitors strengths and weaknesses

What are elements of marketing research for a new venture?

The entities that will buy the product or service; The most appropriate distribution medium; the size of the potential market

Roger plans to segment and target customers of his firm as part of developing a marketing plan. Arrange the steps he should take

Determine the general market or industry he wishes to pursue, Segment the market into similar groups based on characteristics of the customer or buying situations, Choose segment or segments of the market to target, Build a marketing plan integrating product, price, distribution, and promotion

Statements of level of performance desired by a new venture are known as Marketing goals and objectives

T or F: Market segmentation prevents an entrepreneur from responding to the needs of homogeneous consumers

False

What is the implication of knowing the target market for a product or service?

It is the basis for deciding the appropriate marketing action strategy that will effectively meet the markets needs

As part of preparing a marketing plan for a new venture, an entrepreneur should define the business situation. When defining the business situation, the entrepreneur should

Evaluate past performance of the product and the company