

Chapter 1: Entrepreneurship and the Entrepreneurial Mind-Set

[Nature and Development of Entrep.]

Entrepreneur

- An individual who takes initiative to bundle resources in innovative ways and is willing to bear the risk and/or uncertainty to act.
 - Involves creation process
 - Requires devotion of time/effort
 - Involves rewards of being an entrep.
 - Requires assumption of necessary risks

Entrepreneurial Action

- Behavior in response to a judgmental decision under uncertainty about a possible opportunity for profit.

[The Entrepreneurial Process]

- **Opportunity Identification:** Entrepreneur comes up with the opportunity for a new venture
- **Market Size and Length of the Window of Opportunity:** Primary bases for determining risks and rewards
- **Window of Opportunity:** Time period available for creating the new ventures
- **Business Plan:** Description of the future direction of the business

Identify and Evaluate the Opportunity	Develop Business Plan	Resources Required	Manage the Enterprise
<ul style="list-style-type: none">• Opportunity assessment• Creation and length of opportunity• Real and perceived value of opportunity• Risk and returns of opportunity• Opportunity versus personal skills and goals• Competitive environment	<ul style="list-style-type: none">• Title page• Table of Contents• Executive Summary• Major Section<ol style="list-style-type: none">1. Description of Business2. Description of Industry3. Technology Plan4. Marketing Plan5. Financial Plan6. Production Plan7. Organization Plan8. Operational Plan9. Summary• Appendixes (Exhibits)	<ul style="list-style-type: none">• Determine resources needed• Determine existing resources• Identify resource gaps and available suppliers• Develop access to needed resources	<ul style="list-style-type: none">• Develop management style• Understand key variables for success• Identify problems and potential problems• Implement control systems• Develop growth strategy

[How Entrepreneurs Think]

- Entrepreneurs in particular situations may think differently when faced with a different task or decision environment.
- With their decision-making environment, entrepreneurs need to:
 - **Effectuate**
 - **Be cognitively adaptable**
 - **Learn from failure**
- **Casual Process**
 - Starts with a desired outcome

- Focuses on the means to generate that outcome

Effectuate:

- **Effectuation Process**
 - Starts with what one has:
 - Who they are
 - What they know
 - Whom they know
 - Selects among possible outcomes
- Their mindset involves the ability to rapidly sense, act, and mobilize even under uncertain conditions

Cognitive Adaptability:

- Entrepreneurs are dynamic, flexible, self-regulating and engaged in the process of generating multiple decision frameworks focused on sensing and processing changes in their environments and then acting on them.
- Reflects in an entrepreneur's metacognitive awareness
- Entrepreneurs who are able to increase cognitive adaptability have an improved ability to:
 - Adapt to new situations
 - Be creative
 - Communicate one's reasoning behind a response

How to achieve cognitive adaptability?

- **Comprehension questions:** aids understanding of the nature of the environment before addressing an entrepreneurial challenge
- **Connection tasks:** stimulates thinking about current situation in terms of similarities and differences with situations previously faced and solved
- **Strategic tasks:** stimulates thoughts about which strategies are appropriate for solving the problem or pursuing the opportunity
- **Reflection tasks:** stimulates thinking about their understanding and feelings as they progress through the entrepreneurial process

Learning from Business Failure:

- Uncertainty, changing conditions, and insufficient experience can contribute to failure among entrepreneurial firms.
- Motivation is not only from personal profit but from:
 - Loyalty to a product
 - Loyalty to a market/customers

- Personal growth
- The need to prove oneself
- Loss of a business = negative emotional response from the entrepreneur.
 - Can interfere with his ability to learn from the failure and his motivation to try again

Recovery and learning process from failure

- Emotional recovery from failure happens when thoughts about the events surrounding, and leading up to the loss of the business, no longer generate a negative emotional response.
- Primary descriptions of the recovery process:
 - Loss-orientation
 - Restoration-orientation
- **Loss-Orientation**
 - Working and processing some aspect of the loss experience
 - Results to breaking emotional bonds to the object lost
 - Provides the loss with meaning
 - Produces a changed viewpoint
 - Involves confrontation (physically and mentally exhausting)
 - Characterized by feelings of relief and pain that wax and wane over time
- **Restoration-Orientation**
 - Based on avoidance and proactiveness toward secondary sources of stress from a major loss
 - Involves suppression (requires mental effort and may have consequences for health)
 - Opportunity to address secondary causes of stress
 - Reduce emotional significance of loss

Dual process for learning from failure

- Dual process of oscillating between loss-orientation and restoration-orientation enables the person to:
 - Obtain the benefits of each
 - Minimize the costs of maintaining one for too long
- Speeds the recovery process
- Practical implications:
 - Feelings and reactions are normal
 - Psychological and physiological outcomes caused by loss are symptoms that can reduce secondary sources of stress

- There is a process of recovery to learn from failure, which offers comfort that the feelings of loss will diminish
- Recovery and learning process can be enhanced by some degree of oscillation
- Recovery offers an opportunity to increase knowledge of entrepreneurship

[Ethics and Social Responsibility of Entrepreneurs]

- Entrepreneurs develop an internal ethical code
- Personal value systems tend to be influenced by:
 - Peer pressure
 - General social norms in the community
 - Pressures from competitors
- **Business ethics:** the study of behavior and morals in a business situation

[Role of Entrepreneurship in Economic Development]

Product-evolution process: innovation is developed and commercialized

Iterative synthesis: intersection of knowledge and social need that starts the product development process

Innovation = key to economic development

- **3 types of innovation:**
 - **Ordinary:** new products with little technological change
 - **Technological:** new products with significant technological advancement
 - **Breakthrough:** new products with some technological change

Chapter 2: Entrepreneurial Intentions and Corporate Entrepreneurship

[The Intention to Act Entrepreneurially]

Entrepreneurial intentions: motivational factors that influence individuals to pursue entrepreneurial outcomes

Intention is stronger when an action is perceived to be feasible and desirable.

- **Entrepreneurial self-efficacy:** conviction that one can successfully execute the entrepreneurial process
- **Perceived desirability:** the degree to which an individual has a favorable or unfavorable evaluation of the potential outcomes

[Entrepreneur Background and Characteristics]

Education

- Background about starting a business
- Helps in the development of communication and problem-solving skills
- Provides larger opportunity set
- Does not determine whether an entrepreneur will create a new business to exploit the discovered opportunity

Age

- 22-45 y/o
- More inclined to start an entrep career at milestone ages every five years (25,30,35,40,45)
- Male: starts in their early 30s
- Women: middle 30s

Work History

- Decision to launch a venture is influenced by:
 - Dissatisfaction with one's job
 - Previous technical and industry experience
- Managerial skills and entrep experiences are important once the venture is growing
- Previous startup experience = good predictor of starting subsequent business

[Role Models and Support Systems]

Role Models: individuals influencing an entrep's career choice and style

- Parents, fam members, other entrep
- Successful entreps are viewed as catalysts
- Can serve in a supportive capacity as mentors by providing info, advice, guidance
- Entreps need to establish connections and networks in the venture formation process

Moral-Support Network

- Cheering squad: those who provide psychological support
- Friends: provide honest advice, encouragement, understanding, assistance
- Relatives: strong sources of moral support

Professional-Support Network

- Entreps need advice and counsel from:
 - Mentors
 - Business associates
 - Suppliers
 - Trade associations
 - Personal affiliations
- Entrepreneurial activity is embedded in networks of interpersonal relationships

[Minority Entrepreneurs]

- There has been significant growth in:
 - Female self-employment with women starting new ventures at a higher rate than men
 - Asian, african american, hispanic, and native american
- This growth is likely to be spurred by:
 - Encouragement of entrepreneurship among minority groups
 - Increase in the number of role models

[Entrepreneurial Intentions Within Existing Organizations]

- Top management: must create an environment that encourages employees to think and act entrepreneurially
- Employees: will realize that entrepreneurial action within the firm is both personally desirable and feasible

[Managerial vs Entrepreneurial Decision Making]

Entrepreneurial mgt is distinct from traditional mgt in terms of:

- Strategic orientation
- Commitment to opportunity
- Commitment of resources
- Control of resources
- Management structure
- Reward philosophy
- Growth orientation
- Entrepreneurial culture

Entrepreneurial Focus	Conceptual Dimension	Administrative Focus
Driven by perception of opportunity	Strategic orientation	Driven by controlled resources
Revolutionary with short duration	Commitment to opportunity	Evolutionary with long duration
Many stages with minimal exposure	Commitment of resources	A single stage with complete commitment out of decision
Episodic use or rent of required resources	Control of resources	Ownership or employment of required resources
Flat with multiple informal networks	Management structure	Hierarchy
Based on value creation	Reward philosophy	Based on responsibility and seniority
Rapid growth is top priority; risk accepted to achieve growth	Growth orientation	Safe, slow, and steady
Promoting broad search for opportunities	Entrepreneurial culture	Opportunity search restricted by controlled resources; failure punished

Causes for interest in corporate entrepreneurship:

- Increasing interest in "doing your own thing" and doing it on one's terms
- New search for meaning and impatience = more discontent in structured orgs
- Orgs are encouraging corporate entrepreneurship i.e. stimulating, and capitalizing on, employees who think that something can be done differently and better

Corporate entrepreneurship is reflected in the ff:

- **New business venturing (corporate venturing):** creation of a new business within an existing organization
- **Innovativeness:** product and service innovation with emphasis on development and innovation in technology
- **Self-renewal:** transformation through renewal of the key ideas on which an organization is built
- **Proactiveness:** includes initiative, risk taking, competitive aggressiveness, and boldness

Characteristics of an entrepreneurial environment:

- Organization operates on frontiers of technology
- New ideas encouraged
- Trial and error encouraged
- Failures allowed
- No opportunity parameters
- Resources available and accessible
- Multidiscipline teamwork approach
- Long time horizon
- Volunteer program
- Appropriate reward system
- Sponsors and champions available
- Support of top management

Leadership characteristics of a corporate entrep:

- Understands the environment
- Visionary and flexible
- Creates management options
- Encourages teamwork
- Encouraged open discussion
- Builds a coalition of supporters
- Persists

[Establishing Corporate Entrepreneurship in the Organization]

- Step 1
 - Secure a commitment to corporate entrepreneurship in the organization by top, upper, and middle mgt levels
 - Establish initial framework and embrace the concept
 - Identify, select, and train corporate entrepreneurs
- Step 2
 - Identify ideas and areas that top mgt is interested in supporting.
 - Identify amount of risk money available to develop the concept.
 - Establish program expectations and target results of each corporate venture.
 - Establish mentor/sponsor system.

- Step 3
 - Use of technology to ensure organizational flexibility
- Step 4
 - Identify interested managers to train employees and share their experiences
- Step 5
 - Develop ways for the org to get closer to its customers
- Step 6
 - Learn to be more productive with fewer resources
- Step 7
 - Establish a strong support structure for corporate entrepreneurship
- Step 8
 - Tie rewards to the performance of the entrepreneurial unit
- Step 9
 - Implement an evaluation system that allows successful entrepreneurial units to expand and unsuccessful ones to be eliminated

Problems and Successful Efforts

- New ventures started within a corporation performed worse than those started independently by entrepreneurs.
 - Why?
 - Corporation's difficulty in maintaining a long-term commitment.
 - A lack of freedom to make autonomous decisions.
 - A constrained environment.
 - Independent startups become:
 - Profitable twice as fast
 - End up twice as profitable
 - Companies that have adopted their own version of the implementation process to launch new ventures successfully:
 - Minnesota Mining and Manufacturing (3M)
 - Hewlett-Packard (HP)
 - IBM

Chapter 3: Entrepreneurial Strategy Generating and Exploiting New Entries

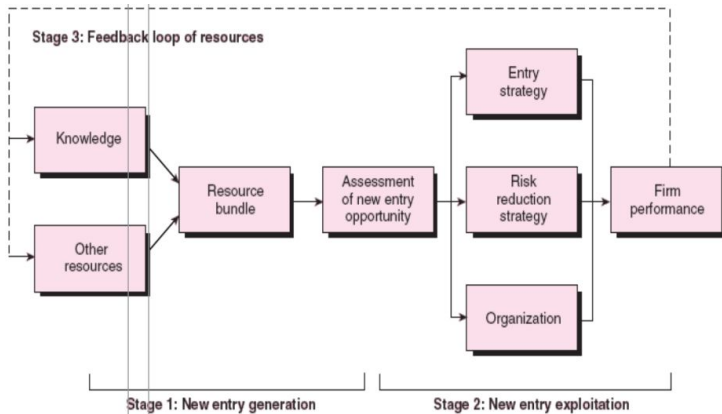
New Entry

- Offering a new product to an established or new market

- Offering an established product to a new market
- Creating a new organization

Entrepreneurial Strategy

- Set of decisions, actions, and reactions that first generate (and then exploit over time) a new entry



[Generation of a New Entry Opportunity]

Resources as a Source of Competitive Advantage

- Resources: basic building blocks to a firm's functioning and performance; Inputs into the production process
 - Can be combined in diff ways
 - Bundle of resources: provides a firm its capacity to achieve superior performance
- Resources must be:
 - Valuable
 - Rare
 - Inimitable

Creating a Resource Bundle that is valuable, rare, and inimitable

- Entreps need to draw from their unique experiences and knowledge
- Market knowledge: information, technology, know-how, and skills that provide insight into a market and its customers
- Technological knowledge: information, technology, know-how, and skills that provide insight into ways to create new knowledge

Assessing the Attractiveness of a New Entry Opportunity

- Depends on the level of information and the willingness to make a decision without perfect information

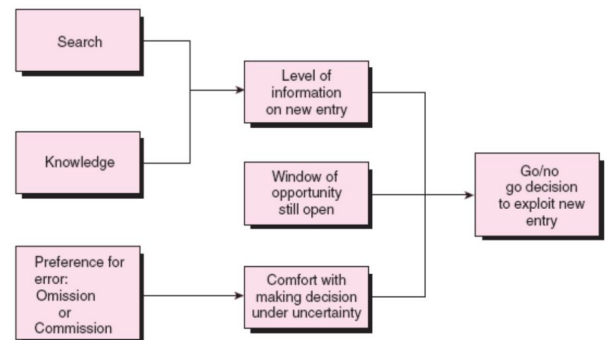
Information on a New Entry

- Prior knowledge and information search

- More knowledge = more efficient search process
- Search costs include time and money
- The viability of a new entry can be described in terms of a window of opportunity

Comfort with Making a Decision under Uncertainty

- Dilemma: the trade-off between more information and the likelihood that the window of opportunity will close
 - Error of commission: negative outcome from acting on the perceived opportunity
 - Error of omission: negative outcome from not acting on the new entry opportunity
- Decision to exploit or not to exploit the new entry opportunity



[Entry Strategy for New Entry Exploitation]

Advantages of being a first mover than can enhance performance:

- Cost advantages
- Less competitive rivalry
- Opportunity to secure important supplier and distributor channels
- Better position to satisfy customers
- Opportunity to gain expertise through participation

Environmental instability and first-mover disadvantages:

- Entrep must first determine the key success factors of the industry being targeted for entry
 - Influenced by environmental changes
 - Environmental changes are highly likely in emerging industries
- **Demand uncertainty**: difficulty in estimating the potential size of the market, how fast it will grow, and the key dimensions along which it will grow
- **Technological uncertainty**: difficulty in assessing whether the tech will perform and whether alternate tech will emerge and leapfrog over current tech

- **Adaptation:** difficulty in adapting to new environmental conditions
 - Entrepreneurial attributes of persistence and determination can inhibit the ability of the entrep to detect and implement change

Customers' uncertainty and first-mover disadvantages:

- **Uncertainty for customers:** difficulty in accurately assessing whether the new product/service provides value for them
- How to overcome customer uncertainty?
 - Informational advertising
 - Highlighting product benefits over substitutions
 - Creating a frame of reference for potential customer
 - Educating customers through demonstration and documentation

Lead time and first-mover disadvantages:

- **Lead time:** grace period in which the first mover operates in the industry under conditions of limited competition
- Lead time can be extended if the first mover can erect barriers to entry by:
 - Building customer loyalties
 - Building switching costs
 - Protecting product uniqueness
 - Securing access to important sources of supply and distribution

[Risk Reduction Strategies for New Entry Exploitation]

Risk: derived from uncertainties over market demand, technological development, and actions of competitors

2 strategies to reduce these uncertainties:

- **Market scope strategies:** focus on which customer groups to serve and how to serve them
- **Imitation strategies:** copying the practices of others

Market Scope Strategies

- **Narrow scope strategy:** involves offering a small product range to a small number of customer groups to satisfy a particular need
 - Focuses on producing customized products, localized business ops, high levels of craftsmanship

- Leads to specialized expertise and knowledge
- High-end of the market represents a highly profitable niche
- Reduces competition-related risks but increases the risks associated with market uncertainties

- **Broad-scope strategy:** involves offering a range of products across many diff market segments
 - Strategy emerges through the info provided by a learning process
 - Opens the firm up to many diff "fronts" of competition
 - Reduces risks associated with market uncertainties but increases exposure to competition

Imitation Strategies

- Why do it?
 - It is easier to imitate the practices of a successful firm
 - It can help develop skills needed to be successful in the industry
 - It provides organizational legitimacy
- Types
 - **Franchising:** a franchisee acquires the use of a "proven formula" for new entry from a franchisor
 - **"Me-too" strategy:** copying products that already exists and attempting to build an advantage through minor variations
- Can reduce the entrepreneur's costs associated with R&D
- Can reduce customer uncertainty over the firm
- Can make the new entry look legit from day one

Managing Newness

- Liabilities of newness arise from unique conditions
 - Costs in learning new tasks
 - Conflict arising from overlap or gaps in responsibilities
 - Unestablished informal structures of communication
- A new firm needs to:
 - Educate and train employees
 - Facilitate conflict over roles
 - Promote activities that foster informal relationships and a functional corporate culture
- Assets of Newness

- Lack of established routines, systems, and processes = provide a learning advantage
- A heightened availability to learn new knowledge in a changing environment = important source of compet. advantage

Chapter 4: Creativity and the Business Idea

Trends

- The start of a trend that lasts for a period of time provides one of the greatest opportunities for starting a new venture
- Trends that provide opportunities:
 - Green trend
 - Clean-energy trend
 - Organic-orientation trend
 - Economic trend
 - Social trend
 - Health trend
 - Web trend

Sources of New Trends

- **Consumers**
 - Informally monitor potential ideas and needs
 - Formally arrange for consumers to express their opinions
- **Existing products and services**
 - Analysis uncovers ways to improve offering that may result in a new product or service
- **Distribution channels**
 - Channel members can help suggest and market new products
- **Federal government**
 - Files of the Patent Office can suggest new product possibilities
 - New product ideas can come in response to government regulations
- **Research and development**
 - A formal endeavor connected with one's current employment
 - An informal lab in a basement or garage

Methods of Generating New Ideas

- **Focus groups**
 - A moderator leads a group of 8-14 participants through an open, in-depth discussion in a directive or nondirective manner
 - An excellent method for generating and screening ideas and concepts

● Brainstorming

- Allows people to be stimulated to greater creativity
- Good ideas emerge when the brainstorming effort focuses on a specific product or market area
- Rules of brainstorming:
 - No criticism
 - Freewheeling is encouraged
 - Qty of ideas is desired
 - Combinations and improvements of ideas are encouraged

● Brainwriting

- Form of written brainstorming
- Participants write their ideas on special forms or cards that circulate within the group

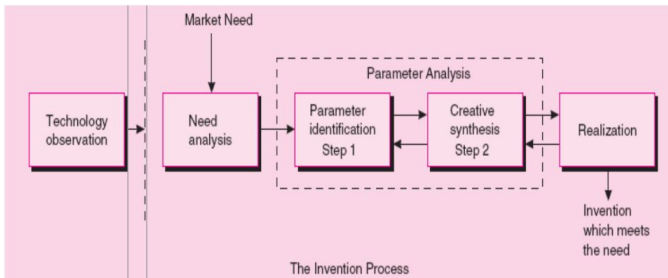
● Problem inventory analysis

- Consumers are provided with a list of problems and are asked to identify products that have those problems
- Results must be carefully evaluated as they may not reflect a new business opportunity

Creative problem solving

- Creative tends to decline with age, education, lack of use, and bureaucracy
- Latent creative potential can be stifled by perceptual, cultural, emotional and organizational factors
- Creativity can be unlocked by using any of the creative problem solving techniques
- **Brainstorming**
 - Session starts with a problem statement
 - No group member should be an expert in the field of the problem
 - All ideas must be recorded
- **Reverse brainstorming**
 - Focuses on the negative aspects of a product, service, or idea as well as ways to overcome these probs
 - Case must be taken to maintain group morale
- **Gordon method**
 - Method for developing new ideas when the individuals are unaware of the prob
 - Solutions are not clouded by preconceived ideas and behavioral patterns
- **Checklist method**

- Developing new idea through a list of related issues
- **Free association**
 - Developing a new through a chain of word associations
- **Forced relationships**
 - Developing a new idea by looking at product combinations
 - 5 step process that focuses on generating ideas from relationship patterns between elements of a prob
- **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



Types of Innovation

- **Breakthrough**
 - Fewest number of innovations
 - Establishes the platform on which future innovations in an area are developed
 - Should be protected by patents, trademarks, and copyrights
- **Technological**
 - Occurs more frequently; not at the same level of breakthrough inventions
 - Offers advancements in the product/market area
 - Needs to be protected
- **Ordinary**
 - Occurs most frequently
 - Extends a technological innovation into a better product/service or one that has a diff market appeal

- Usually come from market analysis and pull, not technology push

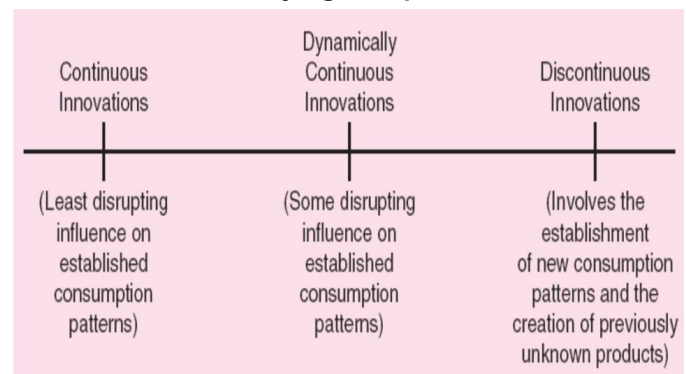
Defining a New Innovation (Product or service)

- Newness can be:
 - In the consumer concept
 - A change in the package or container
 - Slight changes in the appearance of the product (industrial market)
- Companies also add products to their product line that are already marketed by other companies; products are new to the manufacturer but not the consumer

Classification of new products

- **Consumer's viewpoint**
 - The continuum proposed by Thomas Robertson is based on the disrupting influence that use of the product has on established consumption patterns.
 - Continuous innovations
 - Dynamically continuous
 - Discontinuous innovations
 - This approach is consistent with the marketing philosophy that "satisfaction of consumer needs" is fundamental to a venture's existence
- **Firm's viewpoint**
 - Distinction can be made between new products and new markets
 - Situations with a new technology and a new market are the most complicated and pose the highest degree of risk

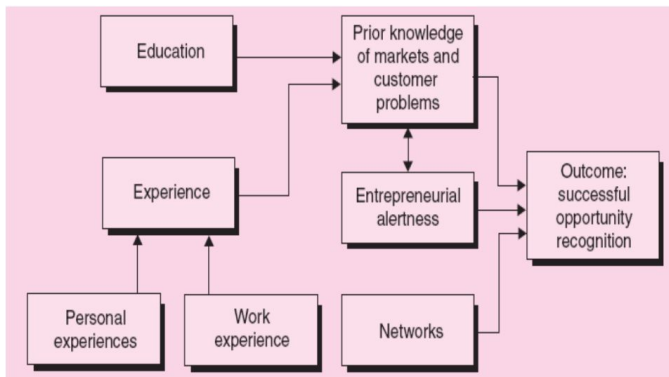
Continuum for classifying new products:



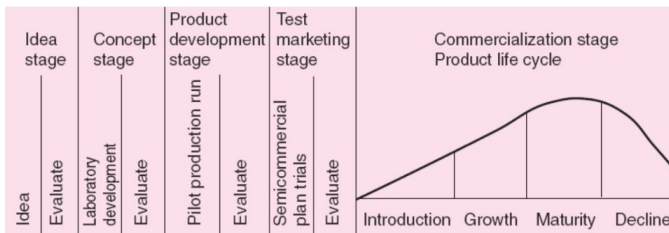
New product classification system:

Market Newness	Technology Newness →			
	Product Objectives	No Technological Change	Improved Technology	New Technology
No market change			Reformation Change in formula or physical product to optimize costs and quality	Replacement Replace existing product with new one based on improved technology
Strengthened market		Remerchandising Increase sales to existing customers	Improved product Improve product's utility to customers	Product life extension Add new similar products to line; serve more customers based on new technology
New market		New use Add new segments that can use present products	Market extension Add new segments modifying present products	Diversification Add new markets with new products developed from new technology

A model of the Opportunity Recognition Process:



Product Planning and Development Process



Establishing evaluation criteria

- Criteria is established at each stage of the product planning and development process
- All-inclusive and quantitative in nature
- Criteria should evaluate the idea in terms of:

- Market opportunity
- Competition
- Marketing system
- Financial factors
- Production factors

Idea stage

- Promising ideas should be identified and impractical ones eliminated
- Evaluation method: systematic market evaluation checklist
- Determine the need for the new idea as well as its value to the company

Concept stage

- Refined idea is tested to determine consumer acceptance which can be measured through the conversation interview method

Product development stage

- Consumer reaction to the product/service is determined
- Consumer panel is given a product sample and preference is determined through methods such as multiple bland comparisons, risk analysis, etc

Test marketing stage

- Increases certainty of successful commercialization
- Actual sales reflect consumer acceptance

[E-commerce and Business startup]

E-commerce: offers entrepreneurs an opportunity to be creative and innovative

Factors that facilitate high-growth in e-commerce:

- Widespread use of personal computers
- Adoption of intranets in companies
- Acceptance of the internet as a business communications platform
- Faster and more secure systems

Using e-commerce creatively

- Entrepreneurs have to decide whether to:
 - Run internet operations within the company
 - Outsource these operations to internet specialists
 - Use e-commerce packaged provided by software companies
- The integration of front-end and back-end operations represents the greatest challenge for doing internet business

Web sites

- Ease of use
- Structure and organization of information
- Search capability
- E-mail response system
- Speed
- Compatibility with diff browsers and platforms

Tracking customer information

- Electronic db's track the activity of the industry, segment, and company

- Supports personal marketing targeted at individual clients
- Care must be taken to follow the laws protecting the privacy of individuals

Doing e-commerce as an entrepreneurial company

- Products should be delivered economically and conveniently
- Products need to interest a wide market; company must be ready to ship the product outside its own geographical location
- Online operations should bring significant cost reductions
- Company must be able to economically draw customers to its web site

Chapter 5: Identifying and Analyzing Domestic and International Opportunities

To expand a venture, entrepreneurs need to:

- Identify opportunities for domestic and international expansion
- Develop diff management skills
- Infuse new entrepreneurial spirit (intrapreneurship)

Factors contributing to international expansion:

- Opening up of controlled economies to market-oriented enterprise
- Self-interest of organizations as well as the impact of external events and forces
- Developing countries need training and education as well as infrastructure to support their development and growth in the next century.

[Opportunity Recognition and the Opportunity Assessment Plan]

- Develop an idea that has a market with a need for the product/service idea conceived = key to successful domestic and international entrepreneurship
- Opportunity assessment is often best accomplished by developing an opportunity assessment plan
- Opportunity assessment plan is not business plan

Opportunity Assessment Plan

- *Section 1:* develops the idea, analyzes competitive products and companies, and identifies the unique selling propositions

- *Section 2:* focuses on the market -- its size, trends, characteristics, growth rate
- *Section 3:* focuses on the entrep's and management team's skills and experience
- *Section 4:* develops a timeline indicating the steps to successfully launch the venture

Information sources

• General information

- SCORE: a nonprofit organization that provides free online and in-person assistance.
- Small Business Development Centers: provides counseling, training, and technical assistance on all aspects of managing a new venture.
- The U.S. Chamber Small Business Center: provides start-up assistance through Web-based tools and resources.
- Other websites: nasbic.org, nvca.org, nbia.org

• Industry and Market information

- Plunkett: Industry data, market research, trends, statistics on markets, and forecasts.
- Frost and Sullivan: Industry specific information.
- Euromonitor: Information on consumer market sizes, marketing parameters, companies, and brands.
- Gartner: Information on technology markets.
- Gale Directory Library: Industry statistics and information on nonprofit organizations and associations.

• Competitive company and product information

- Business Source Complete: Provides company and industry information by scanning the Datamonitor reports.
- Hoovers: Provides information on both large and small companies with links to competitors in the same NAICS (North American Industrial Classification System) category.
- Mergent: Provides detailed company and product information on U.S. and international companies.

• Government sources

- Census reports (factfinder.census.gov, census.gov)

- export/import authority (UN Comtrade, business.gov)
- NAICS and Standard Industrial Classification codes (naics.com, osha.gov)
- **Search engines**
 - There are many key terms for searching the needed industry, market, and competitive information
- **Trade associations**
 - Good source for country-specific industry data
- **Trade publications**
 - Provide information and insights on trend, companies, and trade shows from a local perspective of the particular market and market conditions.

Nature of International Entrepreneurship

- International entrepreneurship: process of an entrepreneur conducting business activities across national boundaries
 - The activities necessary for ascertaining and satisfying the needs and wants of target consumers take place in more than one country.
- With a commercial history of only 300 years, the US is a relative newcomer to the international business arena.

Importance of International Business to the Firm

- International business has become increasingly important to firms of all sizes.
- A successful entrepreneur must be able to:
 - Fully understand the difference between domestic and international business.
 - Respond accordingly thereby successfully “going global.”

[International vs Domestic Entrepreneurship]

Economics

- In a domestic business strategy, the entire country is organized under a single economic system and has the same currency.
- Creating a business strategy for a multicountry area means dealing with differences in:
 - Levels of economic development.
 - Currency valuations.
 - Government regulations.
 - Banking, venture capital, marketing, and distribution systems.

- Certain factors impact a firm's ability to engage in international business such as:
 - Fundamental infrastructures
 - Banking facilities and systems
 - Educational systems
 - Legal system
 - Business ethics and norms

Balance of Payments Current Account

- Current account: the difference between the value of a country's imports and exports over time
- With the present system of flexible exchange rates, a country's current account affects the valuation of its currency
- The valuation of one's country's currency affects business transactions between countries

Type of System

- Difficulties in doing business in economies that are developing, or in transition.
- Use of barter or third-party arrangements in these countries to increase business activity.
 - Barter: A method of payment using nonmoney items.
 - Third-party arrangements: Paying for goods indirectly through another source.

Political-Legal environment

- Political risk analysis: an assessment of a country's political policies and its stability prior to entry
- Types of political risks:
 - Operating risk
 - Transfer risk
 - Ownership risk
 - Conflict and changes in the solvency of the country
- A country's legal system regulates:
 - Its business practices
 - The manner in which business transactions are executed
 - The rights and obligations involved in any business transaction between parties
- Critical areas for every entrep:
 - Property rights
 - Contract law
 - Product safety
 - Product liability

Nevermind

Chapter 6: Protecting the Idea and other Legal Issues

Chapter 7: The Business Plan

Chapter 8: The Marketing Plan