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# **Venture Capitalists**

## **Chapter 12**

# Entrepreneurship

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- Venture Capitalist
  - **A venture capitalist (VC)** is a private equity investor that provides capital to companies exhibiting high growth potential in exchange for an equity stake.
- Angel investor
  - **Angel investors** are wealthy individuals (or groups of wealthy individuals) who invest their own money into companies.

# Malaysia Venture Capitalists

- Malaysia Venture Capitalist and Private Equity Association
  - <https://mvca.org.my/>
- Cradle Investment Programme
  - <https://www.cradle.com.my/>

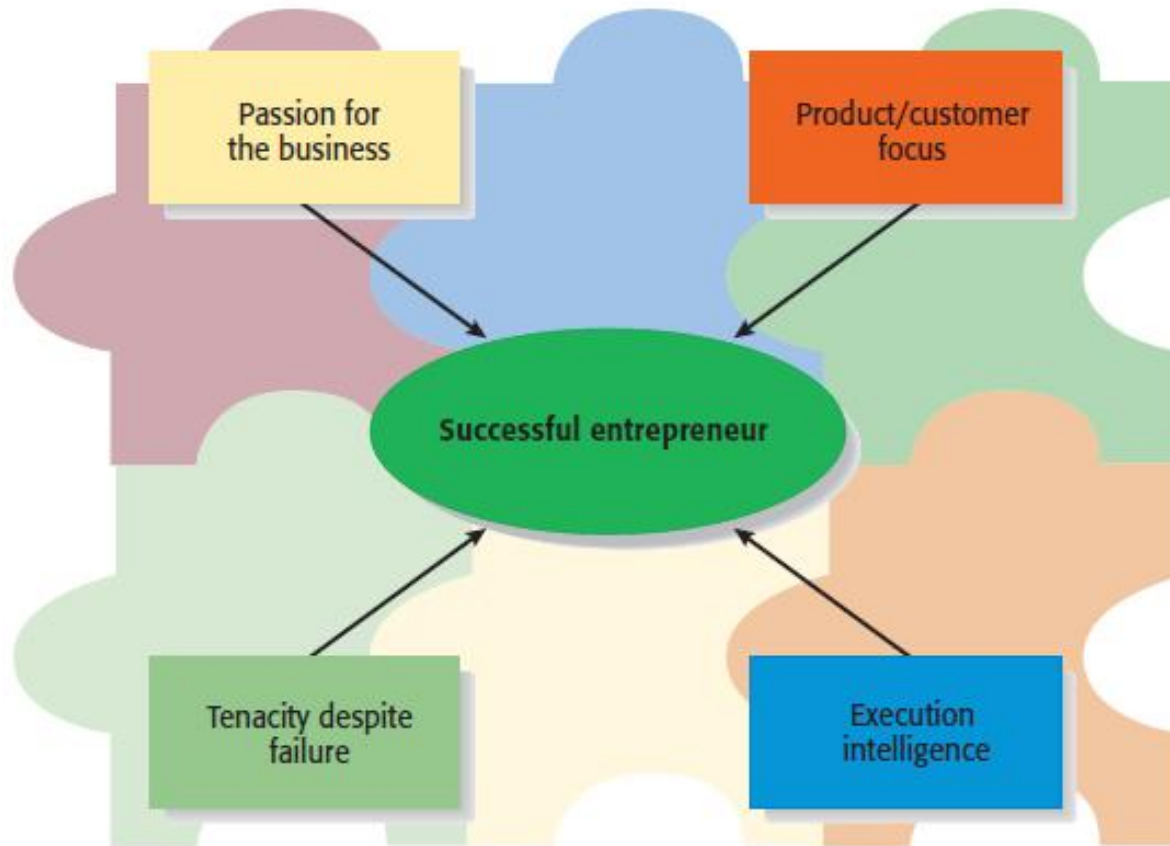
# Top 10 Venture Capitalist Websites

- <https://durkangroup.com/articles/top-10-best-venture-capital-websites/>

# Characteristics of Successful Entrepreneurs

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## Four Primary Characteristics



# Common Myths About Entrepreneurs

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- Myth 1: Entrepreneurs Are Born Not Made
  - This myth is based on the mistaken belief that some people are genetically predisposed to be entrepreneurs.
  - The consensus of many studies is that no one is “born” to be an entrepreneur; everyone has the potential to become one.
  - Whether someone does or doesn’t become an entrepreneur, is a function of the environment, life experiences, and personal choices.

# Common Myths About Entrepreneurs

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- Myth 2: Entrepreneurs Are Gamblers
  - Most entrepreneurs are moderate risk takers.
  - The idea that entrepreneurs are gamblers originates from two sources:
    - Entrepreneurs typically have jobs that are less structured, and so they face a more uncertain set of possibilities than people in traditional jobs.
    - Many entrepreneurs have a strong need to achieve and set challenging goals, a behavior that is often equated with risk taking.

# Common Myths About Entrepreneurs

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- Myth 3: Entrepreneurs Are Motivated Primarily by Money.
  - While it is naïve to think that entrepreneurs don't seek financial rewards, money is rarely the reason entrepreneurs start new firms.
  - In fact, some entrepreneurs warn that the pursuit of money can be distracting.



# Common Myths About Entrepreneurs

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- Myth 4: Entrepreneurs Should Be Young and Energetic.
  - The most active age for business ownership is 35 to 45 years old.
  - While it is important to be energetic, investors often cite the strength of the entrepreneur as their most important criteria in making investment decisions.
    - What makes an entrepreneur “strong” in the eyes of an investor is experience, maturity, a solid reputation, and a track record of success.
    - These criteria favor older rather than younger entrepreneurs.

# Myth 5: entrepreneur likes to capture spotlight

- Gordon Ramsay
- Jack Ma
- Mark Zuckerberg

# The key elements of entrepreneurship

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- There are five generally agreed conditions that are necessary for entrepreneurship to occur:
  1. an individual (the entrepreneur)
  2. a market opportunity
  3. adequate resources
  4. a business organisation
  5. a favourable environment

# Triggers and barriers to start-ups

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## Triggers

### – **Material rewards:**

- make more money; keep the proceeds of the business; reward according to effort

### – **Creativity:**

- use my own talents; a desire to create something; control from begin to end; passion about what I am doing

### – **Desire for autonomy:**

- be my own boss; work my own hours; work with people I like, at a location of my choice

# Triggers and barriers to start-ups

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## **Barriers**

- **Lack of resources:**
  - weak management and marketing skills; lack of information on start-ups; lack of finance
- **Compliance costs:**
  - high taxes and costs associated with compliance to government legislation
- **Hard reality:**
  - setting up a venture is harder than initially expected; uncertainty; fear of failure

# The risks of a career in entrepreneurship

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- There are 4 types of risks to consider before embracing a career in entrepreneurship:
  - financial risks
  - career risks
  - social risks
  - health risks