

# Entrepreneurship Management

Session – 1 and 2

# Entrepreneurship

- Entrepreneurship has become increasingly important for businesses of all sizes around the world.
- It opens new opportunities and possibilities for the businesses to create values for themselves and for the society at large.

# Entrepreneurship

- ⑩ Entrepreneurs have always been present, however, their behavioural patterns were different over different periods of time.
- ⑩ The word entrepreneur was derived from the French word “entreprendre”, which means “to undertake” (Kuratko, 2016).

# Entrepreneurship

- ⑩ The usage of the term entrepreneur can be traced from 1755,
- ⑩ wherein an entrepreneur was described to
- ⑩ “buy the country produce from those who bring it or to order it to be brought on their account. They pay a certain price to resell wholesale or retail at an uncertain price” (Cantillon, 1931; Hamilton & Harper, 1994)
- ⑩ to designate a dealer who purchases the means of production for combining them into marketable products.

# Entrepreneurship

- According to Frenchman J. B., “An entrepreneur is the economic agent who unites all means of production, the labour force of the one and the capital or land of the others and who finds in the value of the products which results from their employment, the reconstitution of the entire capital that he utilises and the value of the wages, the interest and the rent which he pays as well as profit belonging to himself”



# Definition of an Entrepreneur

To date, several definitions have been penned to describe an entrepreneur. And some of them are mentioned herewith:

Entrepreneur is someone who manages all the necessary resources to produce and market a product which responds to the market scarcity (Leibenstein, 1968; Bull & Willard, 1993).

“Entrepreneurs are individuals who recognize opportunities where others see chaos contradiction, and confusion. They are aggressive catalysts for change within the marketplace” Kuratko (2016, p.3)

“Entrepreneur is the person who carries out new combinations, causing discontinuity. The role is completed when the function is completed. The person may be an employee with an existing organisation or may start a new venture. An investor per se only risks capital for a return.” Bull & Willard (1993, p. 186)

# Entrepreneurs



# Definition of an Entrepreneur

- **Schumpeter's Definition of Entrepreneur**

Joseph A. Schumpeter thus writes:

- "The entrepreneur in an advanced economy is an individual who introduces something new in the economy - a method of production not yet tested by experience in the branch of manufacture concerned, a product with which consumers are not yet familiar, a new source of raw material or of new markets and the like."
- Schumpeter further states that an entrepreneur's function is to
- "reform or revolutionise the pattern of production by exploiting an invention or more generally, an untried technological possibility for producing a new commodity ..."



# Definition of an Entrepreneur

- Entrepreneur in a developing economy is one who starts an industry (old or new), undertakes risk, bears uncertainties and also performs the managerial functions of decision-making and coordination.
- He also puts the new process based on technological research into operation.
- Even if he imitates any technique of production from a developed economy, he is called an entrepreneur.

# Definition of an Entrepreneur

- **Drucker's Views on Entrepreneurs**
- Peter Drucker defines an entrepreneur as one who always searches for change, responds to it, and exploits it as an opportunity.
- Entrepreneurs innovate.

# Definition of an Entrepreneur

- **Drucker's Views on Entrepreneurs**

- Mr. Peter Drucker has aptly observed that,
- "Innovation is the specific tool of entrepreneurs, the means by which they exploit changes as an opportunity for a different business or a different service.
- It is capable of being presented as a discipline, capable of being learned, capable of being practised.
- Entrepreneurs need to search purposefully for the sources of innovation, the changes and their symptoms that indicate opportunities for successful innovation.
- And they need to know and to apply the principles of successful innovation."

# Entrepreneurship

- **EXAMPLES**

- Mr. Ashok Birla
- Mr. Rajan Pillai



# Characteristics of an Entrepreneur

The main characteristics of the entrepreneur are due to their sociological and psychological factors. Some of those characteristics are mentioned below:

Entrepreneurs are vision-oriented people

Entrepreneurs have a high need in achievement

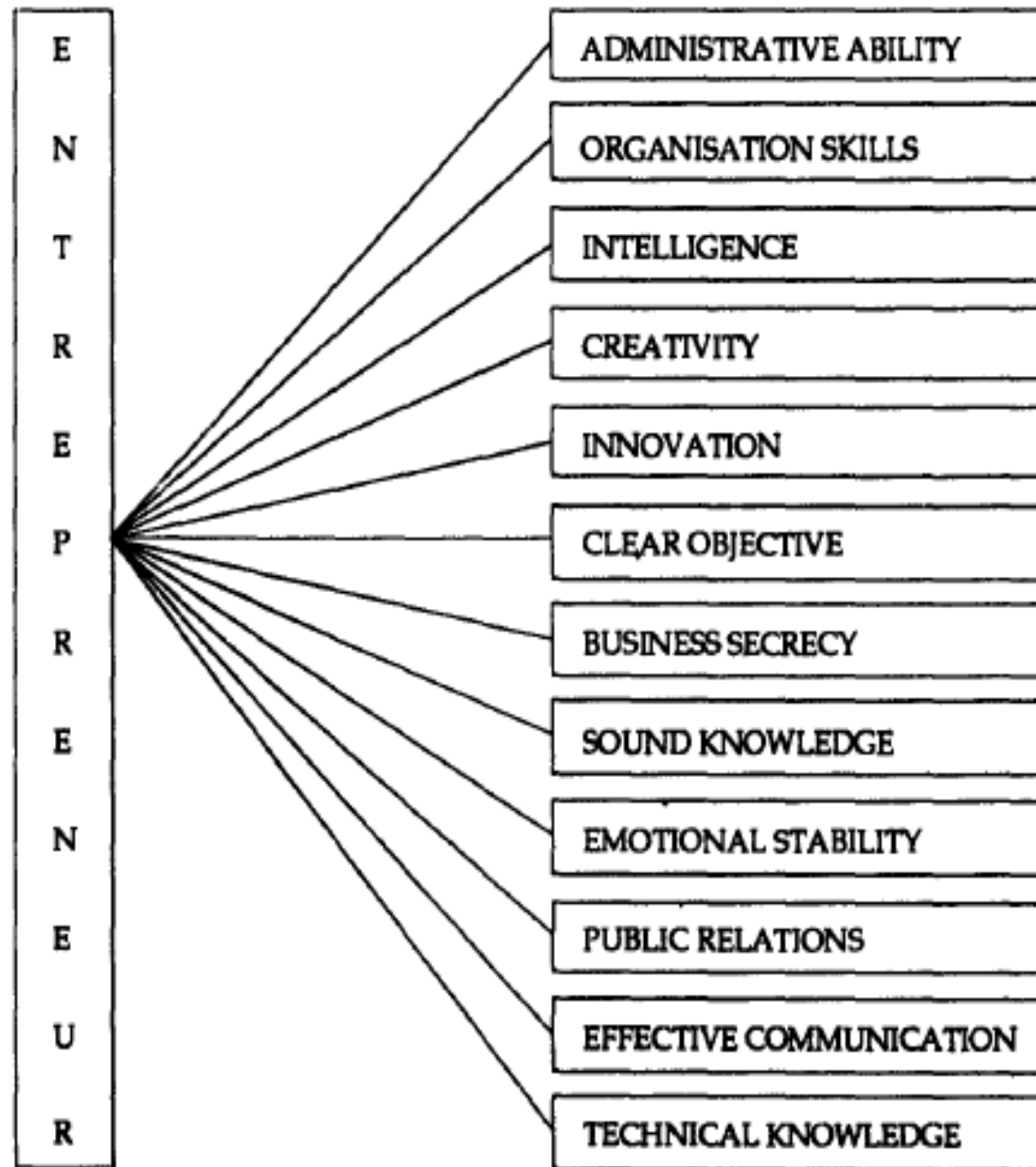
Entrepreneurs do not rely on fate or luck, however they try to control their own lives

Entrepreneurs undertake moderate risks, which is why they look for high earning on their investments

Entrepreneurs have the abilities to deal with several ambiguous situations in their ventures. They face these ambiguous situations and circumstances regularly because they do certain jobs and tasks which are entirely new by nature.

**Entrepreneurs have the tendency to be productive and efficient with in a given period of time. However, at times, they might be seen as inflexible individuals in team-work.**

# Characteristics of an Entrepreneur



# Traits of an Entrepreneur

Some of the common traits of entrepreneurs are :

- 
- Risk takers
  - Flexible
  - Knowledgeable
  - Independent
  - Energetic
  - Creative
  - Dynamic leader
  - Responsive to suggestions or criticisms
  - Resourceful
  - Initiators
  - Persistent

# Entrepreneurship

## ■ Entrepreneurial Skills

■ Some of the basic skills entrepreneurs need include:

- **Business skills:** Understanding how to create and manage a business
- **Communication skills:** The ability to listen, write and speak well
- **Computer skills:** The ability to use technological tools effectively
- **Decision-making and problem-solving skills:** Knowing how to apply logic, information, and past experiences to new decisions and problems



# Entrepreneurship

- Some of the basic skills entrepreneurs need include:
  - **Mathematical skills:** Using math to create budgets, keep accurate records, and analyze financial statements
  - **Organizational skills:** The knack of keeping tasks and information in order; the ability to plan well and manage your time
  - **Relationship skills:** The ability to persuade and motivate people; knowing how to be a leader and to work as part of a team

# Entrepreneurship

- ❖ **Entrepreneurship** is the process of starting a new business.
- ❖ Just having a good idea is not enough.
  - ❖ Entrepreneurs must be motivated to work hard.
- ❖ Thinking like an entrepreneur can also help you do well
  - ❖ at college, at home, and in your community.
- ❖ When you think, you show that you are creative, independent, and responsible.

# Entrepreneurship

- ❖ Three ways to think like an entrepreneur even when you are not running your own business are.
- ❖ **Observe.** Keep on the lookout for chances to learn new skills and accept new responsibilities.
- ❖ **Listen.** Pay attention to what others have to say.
- ❖ **Think.** Instead of complaining about a problem, analyze it. Then suggest possible solutions.

# Entrepreneurship

- Industries are evolving and transforming at a puzzling pace.
- It took radio 38 years to reach 50 million listeners.
- It took television 13 years to reach 50 million viewers.
- It took the Internet only 5 years to reach 50 million users.







# Entrepreneurship

- Steve Jobs of Apple Computer toured Xerox in the late 70s and was introduced to the graphical user interface.
- Xerox did not recognize the potential and Jobs did.
- Today, most PCs operate with an interface descending from this innovation.



# Entrepreneurship



- Innovation does not only involve technology.
- It can represent,
- unique distribution strategies like Sears and Roebuck, Amazon.com, and Wal-Mart
- convenience like McDonalds and Starbucks.

# Entrepreneurship

- Think of new industries that did not exist a generation ago; personal computing, voice mail, cellular phones, fast oil changes, internet shopping, convenience foods, super stores, and digital entertainment.



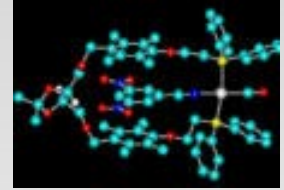
# Entrepreneurship

- So where is our future in the new millennium?
- Is it nanotechnology?
- But, the extensive practical applications of nanotechnology to manufacture consumer goods may be not far away.

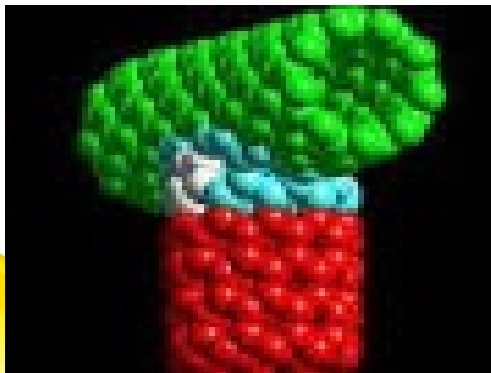




# Entrepreneurship



- Earlier, consumer goods were made by pushing piles of atoms together in a bulky, imprecise manner.
- Nanotechnology manipulate each individual atom of an object creating products that are cleaner, stronger, lighter, and more precise.



# Entrepreneurship

- How can students prepare for careers in Nanotechnology?
- Nanotechnology is fundamentally a branch of engineering.
- To work as an engineer, one must learn to think as an engineer, which means studying the principles of system engineering.



# Entrepreneurship



- Eventually, we will be able to replicate anything including diamonds, water, and food.
- Shortage could be eliminated through the production of food.



# Entrepreneurship



- Great business ideas are all around us. Opening your eyes to trends that will affect the future business environment.
- How do we recognize these trends?
- Look at things around that appeal to you.
- What do you not have that you need?



# Entrepreneurship

- Gillette was fed up with sharpening his straight edge razor, so the disposable razor industry was born.



# Entrepreneurship

- An office secretary who took pride in her work invented “white out” using a kitchen blender.
- Artists paint over mistakes why couldn't typists?



# Entrepreneurship



- A quick trend spotting technique is to stroll to your local magazine rack.
- Look at the thickness and number of publications and the ones that have thinned from loss of advertisers.

# Entrepreneurship

What about the Internet?

- A recent Internet usage survey?





# Entrepreneurship

- What about e-Bay? The overwhelming success of one segment creates opportunities for related or aftermarket services and products.



- Pay Pal, an on-line payment service, was launched in October of 1999. July 2002, eBay purchased Pay Pal for 1.5 billion dollars.



# Entrepreneurship

- Name similar Indian Companies?
- E-learning and training are growing since technology has improved the ability to deliver quality content to office workstations instead of the need to go off-site.

# Entrepreneurship

- In the modern day markets, the term entrepreneur has been closely linked with economic development.
- An economic development can emerge due to several reasons, which includes:
  - (a) the launch of new source of procurement for raw materials or materials
  - (b) the introduction of a new production mechanism
  - (c) the introduction of a new quality of product, or a novel product

# Entrepreneurship

- An economic development can emerge due to several reasons, which include:
  - (d) the opening of a new market
  - (e) the re-organisation of a business.
- The management of all these aspects is carried out by an enterprise, and the people whose functions are to carry out these activities are called entrepreneurs (Bull & Willard, 1993)



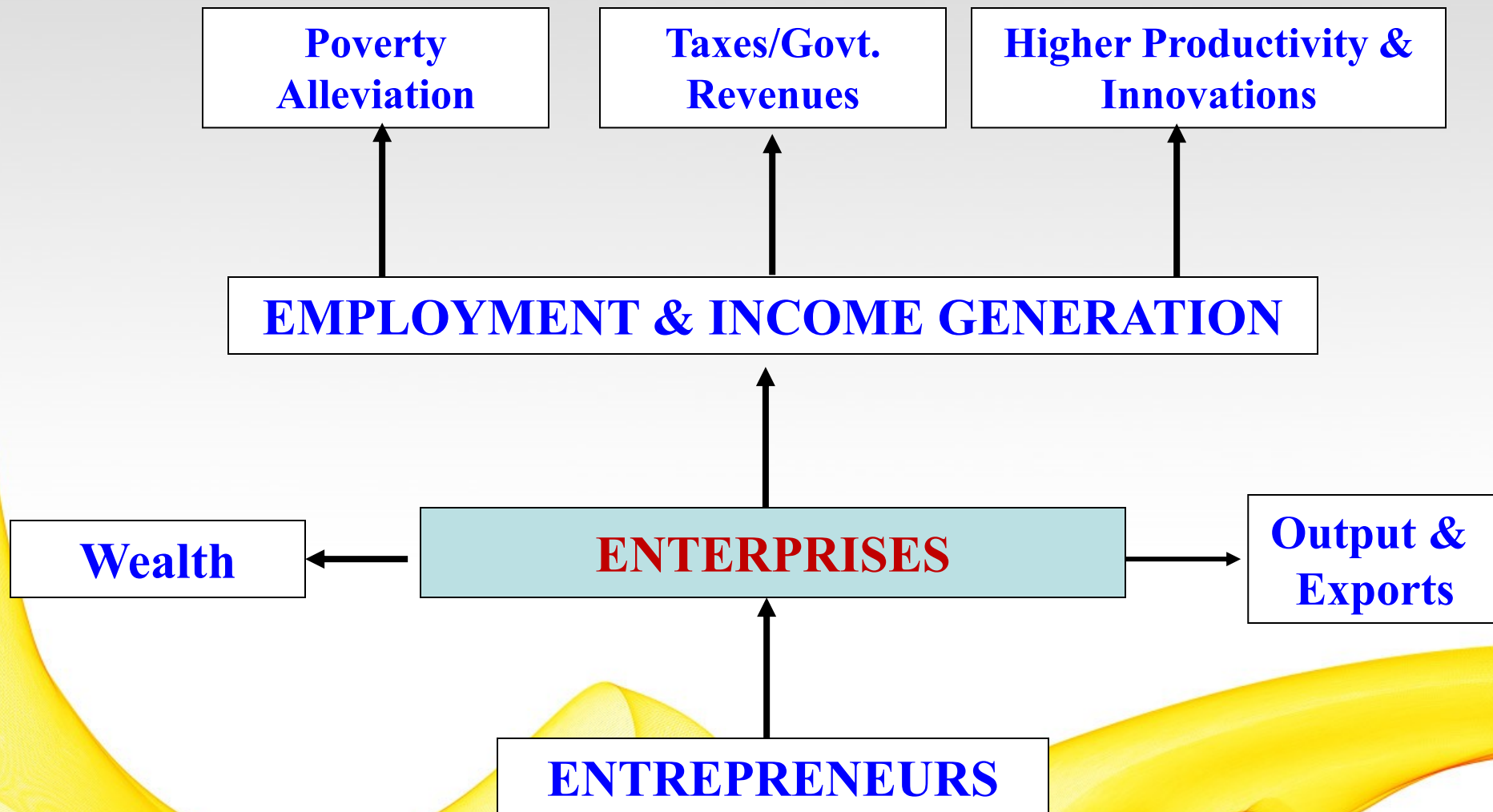
# Entrepreneurship



# **WHAT CAUSES ECONOMIC GROWTH?**

- **Economic growth is the effect, and the entrepreneur is the cause.**
- **Entrepreneurs explore opportunities, convert ideas into viable business propositions and provide new products and services to society by bringing together and combining various factors of production.**
- **They change the lifestyle of the people.**

# WHAT ENTREPRENEURS DO?



# Entrepreneurship

## Entrepreneurial Rewards

- Since entrepreneurs have the final say in all business decisions, they are ultimately responsible for the success or failure of their businesses.
- An entrepreneur must evaluate whether the potential rewards are worth more than the drawbacks and risks they take.
- A successful business lets entrepreneurs earn enough so that they fulfil their needs and wants without depending on others.



# Entrepreneurship

## Entrepreneurial Rewards

- Entrepreneurs also benefit in other ways:
  - Entrepreneurs achieve pride and personal satisfaction from starting and growing a business.
  - Entrepreneurs get to make their own rules.
  - Being an entrepreneur opens up opportunities that help make the world a better place in which to live.

# Entrepreneurship

- **Entrepreneurship**

- The process of seeking business opportunities under conditions of risk

- **Entrepreneur**

- One who accepts the risks and opportunities of creating, operating and growing a new business

# Entrepreneurship

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## *Entrepreneur*

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Refers to a Person:

Visualiser

Creator

Organiser

Innovator

Technician

Initiator

Decision-maker

Planner

Leader

Motivator

Programmer

Risk-taker

Communicator

Administrator

## *Entrepreneurship*

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Refers to a process:

Vision

Creation

Organisation

Innovation

Technology

Initiative

Decision

Planning

Leadership

Motivation

Action

Risk-taking

Communication

Administration

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# Entrepreneurship

