



Entrepreneurship and Small Business Management

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Business Concept Development (Individual assessment)

- ▶ Students identify a business opportunity, assess the business idea, and develop a plan for building a business venture.
- ▶ Assignment : Business Report – Based on you own business idea.
- ▶ Discuss your idea with the lecturer and experts in the field



Introduction

Session 01

Chapter Objectives

- Explain entrepreneurship and discuss its importance.
- Describe corporate entrepreneurship and its use in established firms.
- Discuss three main reasons that people become entrepreneurs.
- Identify four main characteristics of successful entrepreneurs.
- Explain the five common myths regarding entrepreneurs.

Chapter Objectives

- Discuss the economic impact of entrepreneurial firms.
- Discuss the impact of entrepreneurial firms on society.
- Identify ways in which large firms benefit from the presence of smaller entrepreneurial firms.
- Explain the entrepreneurial process.

Who is an Entrepreneur?

Origin of the Word “Entrepreneur”

The word was originally used to describe people who “**take on the risk**” between buyers and sellers or “**undertake**” a task such as starting a new venture.

Origin of the word Entrepreneur

**Entrepreneur
Comes from**



Entreprendre



What is Entrepreneurship?



Create

New Business
New Ideas
New Goods or Services
New Procedures

Launch
Launch
Launch
Launch

Manages

What is an Entrepreneur?



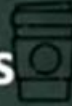
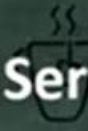
Develops

Business

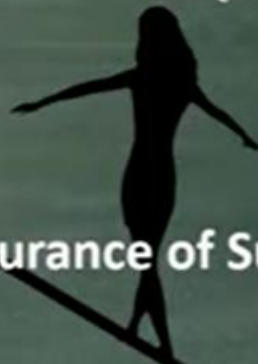
Ideas

Goods & Services

Procedure



No Assurance of Survival



Desire

Essential

Difference Between an Inventor and an Entrepreneur

- An inventor creates something new.
- An entrepreneur puts together all the resources needed—the money, the people, the strategy, and the risk bearing ability to **transform the invention into a viable business.**

Key Differences



Entrepreneur



Entrepreneurship



Enterprise

Entrepreneur



An entrepreneur is a person with a unique idea, who takes initiative of developing a new venture, arranges all the resources and is ready to bear all the risks and takes all the necessary decisions to provide products and services that has value to the customer.

Entrepreneur

- High Degree of Commitment
- High energy level
- Foresightedness
- Desire for Responsibility
- Risk Taking ability
- Leadership and Managerial Skills
- Value for achievement over money
- Open-mindedness and optimism

What is Corporate Entrepreneurship?

- Is the conceptualization of entrepreneurship **at the firm level**.
- All firms fall along a conceptual continuum that ranges from highly conservative to highly entrepreneurial.

Entrepreneurial Firms

- Proactive
- Innovative
- Risk taking

Conservative Firms

- Take a more “wait and see” posture
- Less innovative
- Risk adverse

Corporate Entrepreneurship Examples



Shell

GameChanger



MICHELIN



Adobe



John Hancock
INVESTMENTS

NIKE+
ACCELERATOR



SPAULDING™
REHABILITATION HOSPITAL

PayPal™

QUALCOMM



Qualcomm Robotics Accelerator

P&G



connect + develop™

Google **[X]**

Who is an Intra-preneur ?

- Intrapreneurship is a relatively recent concept that focuses on employees of a company that have many of the attributes of entrepreneurs.
- An Intra-preneur is **someone** within a company that takes risks in an effort to solve a given problem.
- Google
- 3M
- Shutterstock

Characteristics of Successful Entrepreneurs

- **Passion for the Business**

- The number one characteristic shared by successful entrepreneurs is a *passion for the business*.
- This passion typically stems from the entrepreneur's belief that *the business will positively influence people's lives*.

- **Product/Customer Focus**

- A second defining characteristic of successful entrepreneurs is a **product/customer focus**.
- Developing **products** that enhance people's lives is an aspect of the **entrepreneurial** process that many business owners find very rewarding.

Characteristics of Successful Entrepreneurs

- **Tenacity Despite Failure**

- Because entrepreneurs are typically trying something new, the failure rate is naturally high.
- A defining characteristic for successful entrepreneurs is their ability to persevere through setbacks and failures.

- **Execution Intelligence**

- The ability to fashion a solid business idea into a viable business is a key characteristic of successful entrepreneurs.
- The ability to translate thought, creativity, and imagination into action and measurable results is the essence of execution intelligence.

Characteristics of Entrepreneurship



Economic Activity



Innovation



Risk



Profit



Teamwork

Common Myths About Entrepreneurs

- 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.
 - Although no one is “born” to be an entrepreneur, there are common personality traits and characteristics of successful entrepreneurs.

Common Myths About Entrepreneurs

- Myth 2: Entrepreneurs Are Gamblers

- A second myth about entrepreneurs is that they are gamblers and take big risks. The truth is, 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

- 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

- Myth 4: Entrepreneurs Should Be Young And Energetic.
 - The average entrepreneur is 35 to 45 years old and has 10 or more years of experience in a large firm.
 - 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 often favor older rather than younger entrepreneurs.

Economic Impact of Entrepreneurial Firms

- Innovation

- Is the process of creating something new, which is central to the entrepreneurial process.
- Small entrepreneurial firms are responsible for over two-thirds of all innovations in the U.S.

- Job Creation

- In the past two decades, economic activity has moved in the direction of smaller entrepreneurial firms, which may be due to their unique ability to innovate and focus on specialized tasks.

Economic Impact of Entrepreneurial Firms

- Globalization

- Today, over 97% of all U.S. exporters are small businesses with fewer than 500 employees.
- According to the World Bank Enterprise Survey, exports represent about 6.2 and 11 per cent of total sales of small and medium scale enterprises, respectively in manufacturing sector compared with 23 per cent for large firms.
- The SME sector in Sri Lanka accounts for 52 percent of the GDP, and 45 percent of the total employment, whilst making up more than 75 percent of the total number of enterprises in the country.
- In Sri Lanka, there are 3,027 SMEs registered as exporters. However, they contribute to less than 5 percent of Sri Lanka's exports.

Entrepreneurial Firms' Impact on Society and Larger Firms

- Impact on Society

- The innovations of entrepreneurial firms have a dramatic impact on society.
- Think of all the new products and services that make our lives easier, enhance our productivity at work, improve our health, and entertain us in new ways.

- Impact on Larger Firms

- Many entrepreneurial firms have built their entire business models around producing products and services that help larger firms become more efficient and effective.



The End