

The background is a light blue sky with several small, white, stylized clouds. In the center, a large, white, stylized cloud with a thick purple outline is depicted. To the right of this cloud is a white propeller. Below the large cloud, a person in a purple suit is shown in a white hot air basket, reaching up towards the cloud. The basket is suspended by white ropes. The title text is centered over the illustration.

The Foundations of Entrepreneurship

Chapter 1

What Is an Entrepreneur?

One who creates a new business in the face of risk and uncertainty for the purpose of achieving profit and growth by identifying opportunities and assembling the necessary resources to capitalize on them.



Characteristics of Entrepreneurs

A background illustration on a light blue sky with white clouds. A large, stylized dollar sign (\$) is enclosed in a white cloud. A person in a purple shirt and white pants is standing in a white hot air basket, reaching up towards the dollar sign cloud. The basket is suspended by white ropes.

- Desire for responsibility
- Preference for moderate levels of risk: risk eliminators
- Self-reliance
- Confidence in their ability to succeed
- Determination
- Desire for immediate feedback
- High level of energy
- Future orientation
- Opportunity entrepreneurs
- Necessity entrepreneurs
- Serial entrepreneurs
- Skilled at organizing
- Value achievement over money

Characteristics of Entrepreneurs

A background illustration on a light blue sky with white clouds. A large, stylized white dollar sign (\$) is floating in the upper center. A white hot air basket is suspended by ropes from the bottom of the dollar sign. Inside the basket, a person in a purple shirt and white pants is standing and reaching up towards the dollar sign. The basket also contains a small purple bag and a white object.

- ✓ ***Opportunity entrepreneurs***: start businesses because they spot an opportunity in the marketplace.
- ✓ ***Necessity entrepreneurs***: start businesses because they cannot find work any other way.
- ✓ ***Serial entrepreneurs***: repeatedly start businesses and grow them to a sustainable size before striking out again.

Characteristics of Entrepreneurs

A stylized illustration in the background shows a man in a suit standing in a white hot air basket. He is holding a telescope and looking towards a large, white, cloud-like shape that contains a dollar sign (\$). The basket is suspended by ropes, and a propeller is visible on the right side of the cloud. The entire scene is set against a light blue sky with a few small white clouds.

- Entrepreneurs tend to exhibit:
 - A high degree of commitment
 - Tolerance for ambiguity
 - Creativity
 - Flexibility
 - Resourcefulness

Bootstrapping is a strategy that involves conserving money and cutting costs during start-up so that entrepreneurs can pour every available dollar into their businesses

- A willingness to work hard
- Tenacity

Entrepreneurship

A stylized illustration on a light blue background with white clouds. A man in a purple suit and tie stands in a white wicker hot air basket, looking through a telescope. A large, white thought bubble with a purple outline and a dollar sign inside is positioned above the basket. The basket is suspended by white ropes.

- One characteristic of entrepreneurs stands out: **diversity!**
- ***Anyone*** – regardless of age, race, gender, color, national origin, or any other characteristic – can become an entrepreneur (although not everyone should).

Benefits of Entrepreneurship

A light blue background with a large, stylized thought bubble in the center. Inside the bubble is a large white dollar sign. A white propeller is attached to the right side of the bubble. Below the bubble, a man in a purple suit is sitting in a white hot air basket, looking through a telescope. Dotted lines connect the basket to the thought bubble.

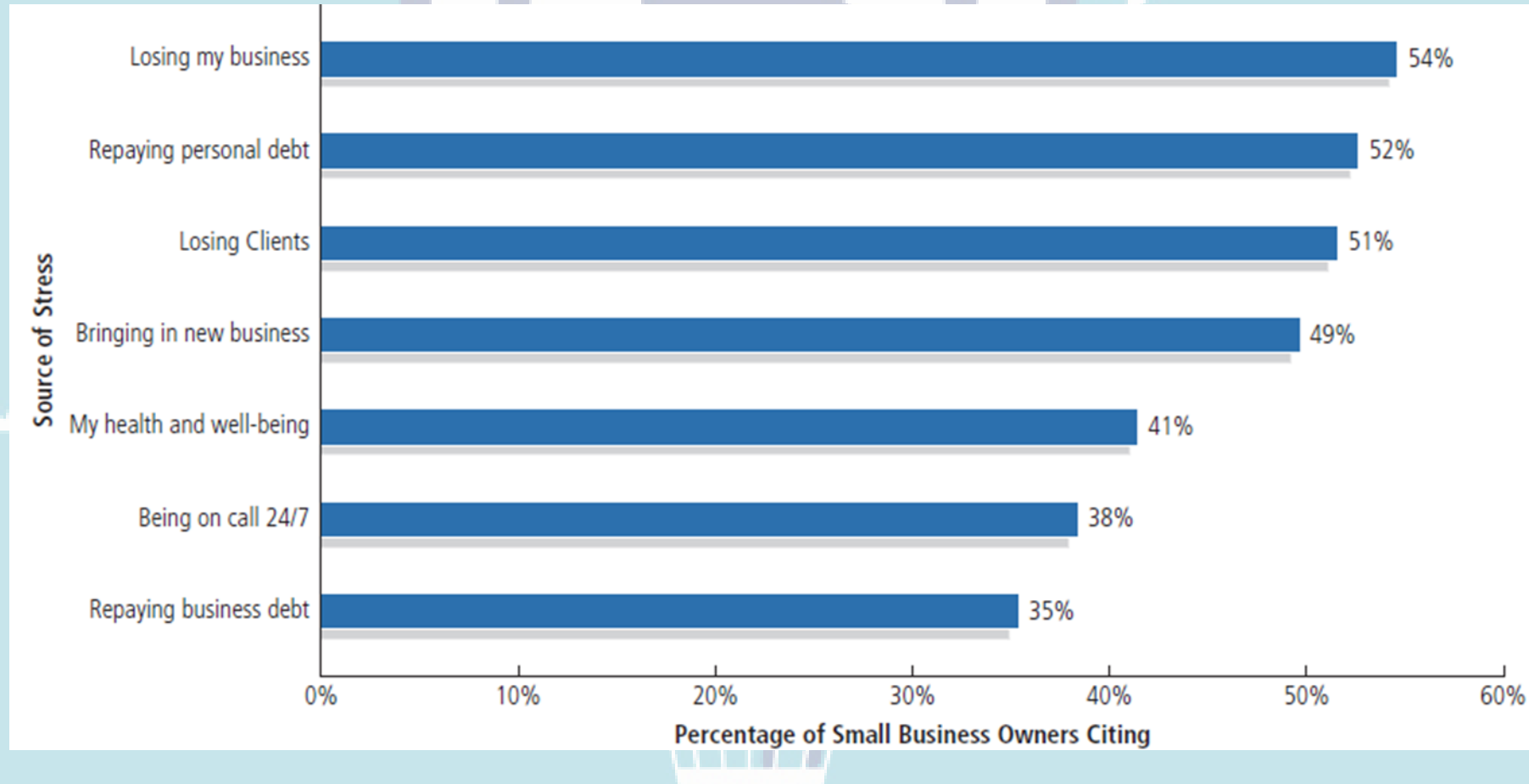
- The opportunity to:
 - Create your own destiny
 - Make a difference.
 - Reach your full potential.
 - Reap impressive profits.
 - Contribute to society and to be recognized for your efforts.
 - Do what you enjoy and to have fun at it.

Drawbacks of Entrepreneurship

A stylized illustration on a light blue background with white clouds. A large, white, cloud-like shape contains a thick dollar sign (\$). Below it, a person in a purple suit stands in a white hot air basket, looking up at the dollar sign cloud with a telescope. A dotted line connects the basket to the dollar sign cloud.

- Uncertainty of income
The entrepreneur is the last one to be paid, as employees must be paid first
- Risk of losing your entire investment
- Long hours and hard work
- Lower quality of life until the business gets established
- High levels of stress
- Complete responsibility
- Discouragement

Sources of Stress for Entrepreneurs



Feeding the Entrepreneurial Fire

The background of the slide features a light blue sky with stylized white clouds. A large, stylized flame or fire shape is positioned in the upper center. Below it, a person is depicted in a white hot air basket, looking through a telescope. The basket is suspended by ropes that extend upwards towards the flame.

- ✓ Some of the most significant factors that have led to this age of entrepreneurship include:
 - Entrepreneurs as heroes (as model to follow)
 - Entrepreneurial education

Universities and colleges should include it in course study

Feeding the Entrepreneurial Fire

- Demographic and economic factors
- ✓ Many people start their business in age of 24-44.

Feeding the Entrepreneurial Fire

- Shift to a service economy

In US service sector (low start-up cost) produce 80% of the jobs and 64% of GDP (Gross Domestic Product)

GDP:

Gross domestic product (GDP) is **the standard measure of the value added created through the production of goods and services in a country during a certain period.** As such, it also measures the income earned from that production, or the total amount spent on final goods and services.

Feeding the Entrepreneurial Fire

A conceptual illustration in the background shows a man in a business suit standing in a hot air basket, looking through a telescope. The basket is suspended by ropes from a large, stylized dollar sign (\$) that has the appearance of a cloud. The scene is set against a light blue sky with a few white clouds.

- **Technology advancements**

Technology has changed the ways to do business, such as computers, voice mail, e-commerce, fax,.....

- **Independent lifestyle**

- The Internet (www), cloud computing, and mobile marketing

Feeding the Entrepreneurial Fire

A stylized illustration on a light blue background with white clouds. A large, white, cloud-like shape in the center contains a thick dollar sign (\$). A white hot air balloon basket is suspended by dotted lines from the bottom of the dollar sign cloud. Inside the basket, a person in a purple suit and white shirt is looking through a telescope. A briefcase is on the basket floor. The person is looking towards the right side of the frame.

Cloud computing:

Internet-based subscription or pay-per-use software services that allow business owners to use a variety of business applications, from database management and inventory control to customer relationship management and accounting

The Cultural Diversity of Entrepreneurship

- Young entrepreneurs
- Women entrepreneurs
- Minority-owned enterprises
- Immigrant entrepreneurs
- Part-time entrepreneurs

The Cultural Diversity of Entrepreneurship

- Home-based businesses
- Family businesses
- Copreneurs
- Entrepreneurial couples who work together as co-owners of their businesses.
- Corporate castoffs
- Corporate dropouts
- Retiring baby boomers

The Cultural Diversity of Entrepreneurship

A background illustration on a light blue sky with white clouds. A man in a purple suit and white shirt is in a white hot air basket, looking through a telescope. A large, stylized brain is floating above him, connected by dotted lines. The brain is purple and white, with a large 'S' shape inside it.

- **Corporate castoffs:**

Those individuals who are unemployed and are highly educated and skilled, and had corporate executive jobs.

- **Corporate dropouts:**

Executives who leave the corporate to pursue their own dreams and aspirations by starting their own businesses.

The Cultural Diversity of Entrepreneurship

- **Retiring baby boomers**

Baby boomer is a group of people who were born between 1946 and 1964.

Labeled so because during this period of time , there was a statistically significant increase in the number of births that occurred.

During the 22-year period , 76.4 million people were born (one quarter of US population)

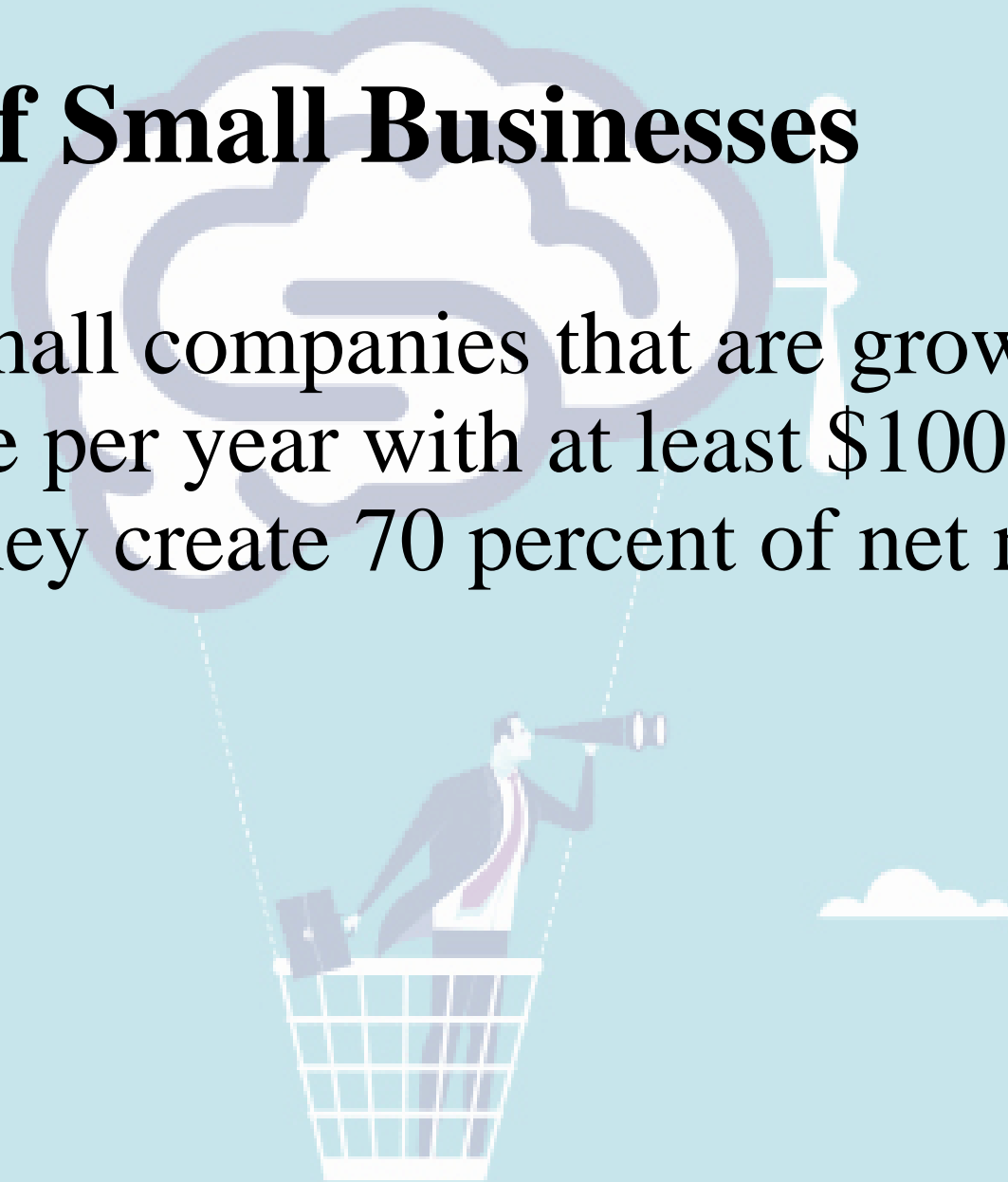
The Power of Small Businesses

A background illustration on a light blue sky with white clouds. A person in a purple shirt and white pants is in a white hot air basket, holding a magnifying glass over a large, stylized white cloud that contains a purple dollar sign. The basket is suspended by white ropes.

- Small businesses (employs less than 100 people).
 - Employ 49.2% of the nation's private sector workforce
 - Create more jobs than big businesses
 - Created 64% of net new jobs over the last decade
 - 5% of small companies create 67% of net new jobs in the economy
- Small businesses also produce 46 percent of the country's private GDP and account for 47 percent of business sales.

The Power of Small Businesses

- **Gazelles** are small companies that are growing at 20 percent or more per year with at least \$100,000 in annual sales; they create 70 percent of net new jobs in the economy



Putting Failure into Perspective

- Entrepreneurs are not paralyzed by the prospect of failure.
- Failure: a natural part of the creative process.
- Successful entrepreneurs learn to fail intelligently.

Avoiding the Pitfalls of Small Business Failure

- Know your business in depth
- Build a viable business model – and test it
- Develop a solid business plan
- Understand financial statements
- Manage financial resources
- Learn to manage people effectively
- Set your business apart from the competition
- Maintain a positive attitude

• **Thank you!**

