

Entrepreneurship Introduction

Presented

by

M K BANDA

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Perspectives and Definitions - Entrepreneurship

- Simplistic way to think of entrepreneurship as the application of entrepreneurial skills
- Entrepreneurial skills include ability to turn business idea into workable reality with all associated risks
- Ability to organize and manage the necessary resources to achieve an objective

Entrepreneurial Skills

- Three Vital skills for successful entrepreneurship - managing **cash flow**, **people** and **time**.
- *Technical skills* : - having product/service knowledge, market/industry understanding
- *Management competencies*: in marketing finance and human relations; competencies in managing key functions of the business

Entrepreneurial Skills

- *Personal attributes:* being innovative and being determined, having an external focus and being a team leader.
- *Innovative:* needed if a business is to develop, to be different from the rest of the competition, and continue to seek advantages over other firms;

Entrepreneurial Skills

- *Determined:* desire for independence and control over own destiny and to succeed
- *Externally focused:* maintaining foresight to identify and exploit new opportunities on a continuous basis-helps retain flexibility in the face of changing market forces
- *Internally focused:* effective delegation training and involvement of others as important **prerequisites for growth.**

Definition of Terms

- *Entrepreneurship*: art or science of taking risks to achieve some gain
- *Entrepreneur* person motivated by strong desire to achieve through hard work and determination.
- *Entrepreneur* bias for action, close to customers, passion for autonomy, achieves through people.

Socio-psychological Perspective

- Person deviant in society, nature and behaviour.
- stands out from among others
- inclined to take on challenges and thrive on them obtain a thrill and a reward through overcoming the challenge.
- The nature of a typical entrepreneur is he/she will take on any challenge.

Entrepreneurship Types

- The promoter - 'wheeler-dealer' who does deals, often starting, growing and running several different businesses in the pursuit of personal wealth
- The craftsman - small business owners ranging from joiners to hairdressers
- The professional manager - adopts a more structured approach to building an organization on the lines of a 'little big business'

Entrepreneurs: born or shaped?

- Anyone can become an entrepreneur.
- Circumstances and the prevailing environment play a big role in shaping behaviour and coping with change.
- Each one of us is endowed with an ability to adapt and shape our behaviour to align with changed circumstances.

Small/Large Enterprises

- Distinguished from by size (financial turnover), motives, type of customers and number of employees.
- Independently owned and operated and is not dominant in its field of operations.
- Distinction by size is ill defined: no generally accepted definition of size can depend on financial strength or on the number of employees.
- Motives tend to be different professional managers typically: desire job security, place, power, prestige and high income.

Small/Large Enterprises

- Motives for small business owners same as for managers in large businesses.
- The big difference is in independence – freedom from interference or control by superiors.
- The desire is autonomy in exercising initiative and ambition, resulting in innovations, leading to great flexibility

Small/Large Enterprises

- Small businesses differ in three aspects:
- *Uncertainty* - small firms, which tend to have small customer bases and limited resources.
- *Innovation* considered a key factor in the success or failure of new business start-ups.
- *Evolution* being in state of constant structural and market changes.

Unique Advantages

– Small Business

1. Closeness with customers, employees and suppliers
2. Doing more individualized work for customers
3. Relatively small overheads and other costs
4. Sources of innovation, new materials, processes, ideas, services, and products

Unique Advantages

- Small Business

- Flexibility of operations
- Enable their employees to achieve a better-rounded, balanced development
- Help to check the development of monopolies
- Can switch its production readily to meet changing market conditions and can adapt itself quickly to changing demands within its field and capacity.
- Provide employment opportunities for many people.

Disadvantages of Small Businesses

- Three types:
- Inadequate management ability,
- Inadequate financing (including unfair taxation) and,
- Poor competitive position.

Disadvantages of Small Businesses

- Other disadvantages are:
- Lack and or poor record keeping,
- Lack or poor selling techniques, especially market research specialty advertising and personal selling,
- Too rapid and unplanned expansion and,
- Difficulty in coping with increasing internal complexity as business grows.

Importance of Entrepreneurship

- Small businesses play the role of coordinating resources – an entrepreneur combines necessary factors of production into new products
- Create employment by providing employment opportunities for people in the communities or areas where their businesses are located
- Entrepreneurs and small businesses bring with them inventions and innovations that ultimately improve the quality of life

Importance of Entrepreneurship

- Encourage of competition in two ways: one way is through price competitiveness. Entrepreneurs provide goods and sell them in the same market as large businesses. Because of smaller overheads, pricing is lower than offered by large orgs.
- Second way is through efficiency of operations. Large orgs are bureaucratic and tend to slow down pace of business. Small businesses only require confirmation of an order through a telephone call with a formal order much later.

Importance of Entrepreneurship

- Entrepreneurs act as speculators who assist the market mechanism to work
- Develop people in terms of skills and experience or exposure to running business.
- Through exposure, a large number of nationals try out entrepreneurial ventures. Helping them to learn from mistakes and successes lead to the creation of more businesses contributing to national development.

Summary

- Simplistic way- to think of it as the application of entrepreneurial skills
- Three vital skills for successful entrepreneurship - managing cash flow, people and time.
- Entrepreneurship skills - being innovative and being determined, having an external focus and being a team leader.
- Circumstances and the prevailing environment play a big role in shaping behaviour and coping with change.
- Shorter innovation lags constitute a *competitive edge*.
- Small businesses help to check the development of monopolies
- Difficulty in coping with increasing internal complexity as business grows

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