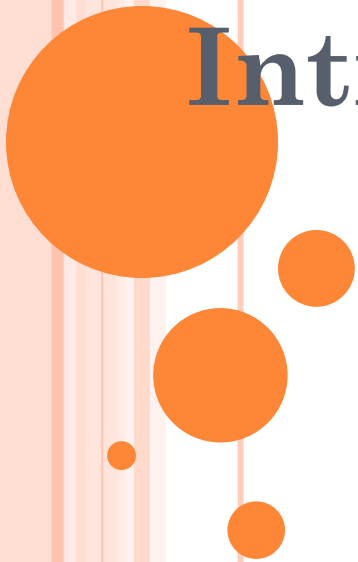


# ENTREPRENEURSHIP DEVELOPMENT

## Lecture - 01 Introduction



# ENTREPRENEURSHIP DEVELOPMENT

## CONCEPTS COVERED

### Concepts Covered:

- ☐ Definitions & motivations
- ☐ Types of business ventures
- ☐ Economic contributions of entrepreneurs
- ☐ Corporate entrepreneurship, Innovation and entrepreneurship

# ENTREPRENEURSHIP DEVELOPMENT

## Entrepreneurs

### Entrepreneurs

- Entrepreneurs have a compelling vision or a dream to achieve something extraordinary and a comprehensive plan.
- Identify opportunities in adversities or translate adverse situations into opportunities. Failures don't deter them.
- Identify possible method to workaround the adversities or risks and accomplish desired goals.
- Innovate new products, services, processes or methods to solve pains in a more competitive manner and create above average profit.
- Can innovate business models with superior value propositions and make people happier.
- Organize balanced team with diverse skills and manage them for best possible execution of business model.

# ENTREPRENEURSHIP DEVELOPMENT

## Entrepreneurship

- The word entrepreneur has originated from the French word, *entreprendre*, which means "to undertake."
- In a business context, it means to start a business.
- Dictionary definition of entrepreneur: 'one who organizes, manages, and assumes the risks of a business or enterprise'.

# ENTREPRENEURSHIP DEVELOPMENT

## Entrepreneurship

- **Entrepreneurship is about identifying an unmet pain (pain point) in a group of people or entities** (target customers: customer segment),
- **innovating a suitable solution to alleviate the pain in a competitive way** (in the form of a product or a service or differentiation),
- **organizing a balanced team,**
- **arranging required fund,**
- **putting in place the required infrastructure,**



# ENTREPRENEURSHIP DEVELOPMENT

## **Entrepreneurship ...** continued

- **making the product or service available to the customers, (portal/distribution channel / logistics),**
- **maintaining loyal and satisfying employees (people management),**
- **building loyal customer base,**
- **sustaining operation in competitive manner, scaling up the business,**
- **constantly endeavouring to offer increasingly better value for the money to the customers (to prevent competition from winning them away) to they buy repeatedly and spread positive word of mouth.**
- **Assume all the risks.**

# ENTREPRENEURSHIP DEVELOPMENT

## Some Formal Definitions

"Entrepreneurship is the **pursuit of opportunity beyond resources controlled.**"

- Howard Stevenson, Harvard Business School professor

"Entrepreneurship is the process of doing something **new** and something **different** for the purpose of **creating wealth** for the individual and **adding value to society.**"

- Raymond W.Y. Kao

"the persistent progression towards an innovative solution to a key problem. It's the **constant hunger for making things better** and the idea that you are never satisfied with how things are." – *Debbie Roxarzade, founder and CEO of Rachel's Kitchen*

"entrepreneur is the one who **organizes, manages, and assumes the risks** of a business or enterprise." -Merriam-Webster Dictionary

# ENTREPRENEURSHIP DEVELOPMENT

## **Motivating Factors to Become Entrepreneur**

### **Internal Factors**

1. Observe agonizing/grievous pain in the society, who are crying for help to alleviate it and you think you can provide a better solution than those exist.
2. Come up with a brilliant idea (may be a fortunate stroke of serendipity or epiphany) that can improve the lives of a large number of people.
3. Desire or passion to do something new and ground breaking.
4. To become independent – be your own boss – sense of control.
5. Achieve what one wants to have in life – personal growth.



# ENTREPRENEURSHIP DEVELOPMENT

## Motivating Factors to Become Entrepreneur

### Internal Factors ... contd.

5. Be recognized for one's contributions – sense of accomplishment.
6. One's educational background – empowerment through knowledge.
7. One's occupational background and experience in the relevant field.
8. For the passion to do something significant to change the world for the better.
9. Entrepreneurship may be perceived as a vehicle for creating huge wealth for self and extended family members. Rags to riches stories are abound in entrepreneurship.
10. Being more creative than the present job requires or present employer can put to use.

# ENTREPRENEURSHIP DEVELOPMENT

## **External Factors Influencing Entrepreneurial Intent**

1. Government assistance, conducive ecosystem and financial support.
2. Availability of labour and raw material – ready inputs.
3. Encouragement from big business houses - intrapreneurship.
4. Promising extraordinary demand for a product – demand supply gap.
5. Demand by the society.
6. Bring change in the society.

# ENTREPRENEURSHIP DEVELOPMENT

**In short, entrepreneurship is a vehicle to make  
many people happy,  
while achieving desired personal goals  
by the entrepreneurs.**

# ENTREPRENEURSHIP DEVELOPMENT





# ENTREPRENEURSHIP DEVELOPMENT

## **Type of Business Ventures**

- **Innovation-Driven Entrepreneurship**
- **Corporate Entrepreneurship or Intrapreneurship**
- **Social Entrepreneurship**
  - For profit enterprise
  - Not-for profit enterprise
- **Small Business**

**These are besides the large corporate entities and cooperatives.**

# ENTREPRENEURSHIP DEVELOPMENT

## Small Business and Entrepreneurial Venture

Small business	Entrepreneurial business
<ul style="list-style-type: none"><li>• Small-business owners have a good idea.</li><li>• Mostly driven by traditional knowledge</li><li>• Small-business owners hold steady and avoid doing things that is risky.</li><li>• Small-business owners think about the things they need to finish this week.</li><li>• Small-business owners are sentimental with their businesses.</li></ul>	<ul style="list-style-type: none"><li>• Entrepreneurs have big ideas and vision.</li><li>• Mostly driven by innovation.</li><li>• Entrepreneurs accept the fact that big opportunity comes with risk.</li><li>• Entrepreneurs think months and years ahead.</li><li>• Entrepreneurs focus on scaling.</li></ul>

# ENTREPRENEURSHIP DEVELOPMENT

## Entrepreneurial Ventures

- Created around a vision.
- Driven by innovation and unique value proposition.
- Associated with achieving growth and extricating risks.
- Always aim fast scalability and growth.

# ENTREPRENEURSHIP DEVELOPMENT

## Can Small Businesses be Entrepreneurial?

- Any business can derive competitive advantage by creating product or service differentiations.
- A grocery shop can attract and retain customers in many ways such as by being polite, giving quick service by organizing the items systematically, maintaining strict expiry date for perishable items, and passing on various benefits meant for customers.
- Such a shop can reduce financial cost by prudent management of inventory.
- One may add further differentiator by delivering at the door.
- It may eventually replicate the model in different locations and achieve growth.



# ENTREPRENEURSHIP DEVELOPMENT

## **Can Small Businesses be Entrepreneurial? ... contd**

- The process may go on and on.
- All such actions are part of strategy and can be perceived as innovations.
- Therefore, it may not be wrong to state that all businesses may innovate to be more competitive, grow faster than competitors, make superior profit and sustain for a long term.
- Some of these actions, for example scaling, may be risky and inflict loss to the
- Therefore, from innovation and risk perspective small businesses can be called entrepreneurial.

# ENTREPRENEURSHIP DEVELOPMENT

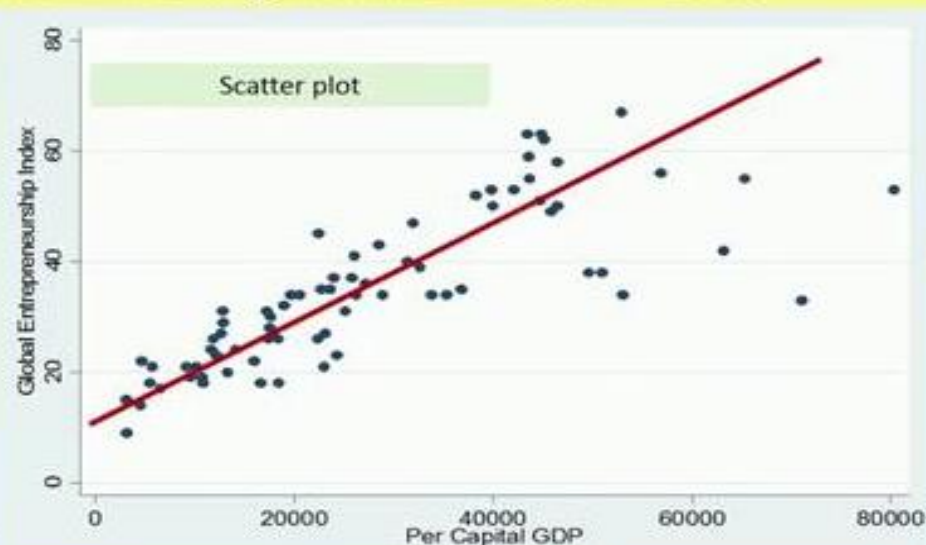
**Economic Contributions of Entrepreneurs**  
one of the main motivators

# ENTREPRENEURSHIP DEVELOPMENT

## ‘Global Entrepreneurship Index’ and ‘Per-Capita GDP’

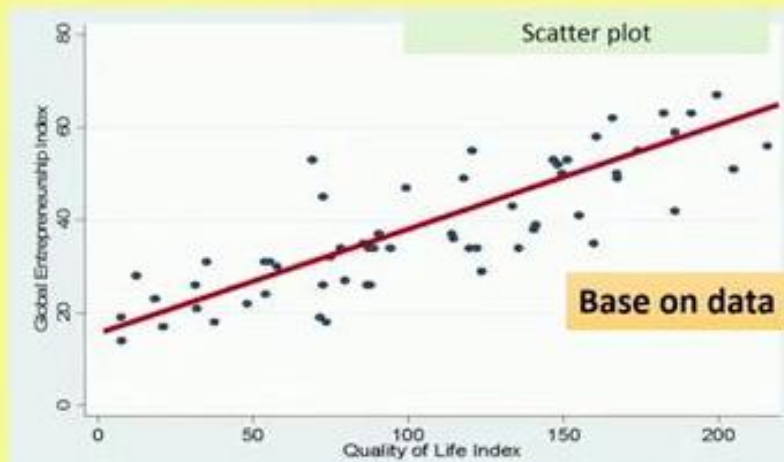
**Note:** Annual GDP is the monetary value of all goods and services produced within the country in a year. Divide that by the number of people to receive per-capita GDP.

Source <https://thegeedi.org/2018-global-entrepreneurship-index-data/>



# ENTREPRENEURSHIP DEVELOPMENT

## ‘Global Entrepreneurship Index’ and ‘Quality of Life Index’



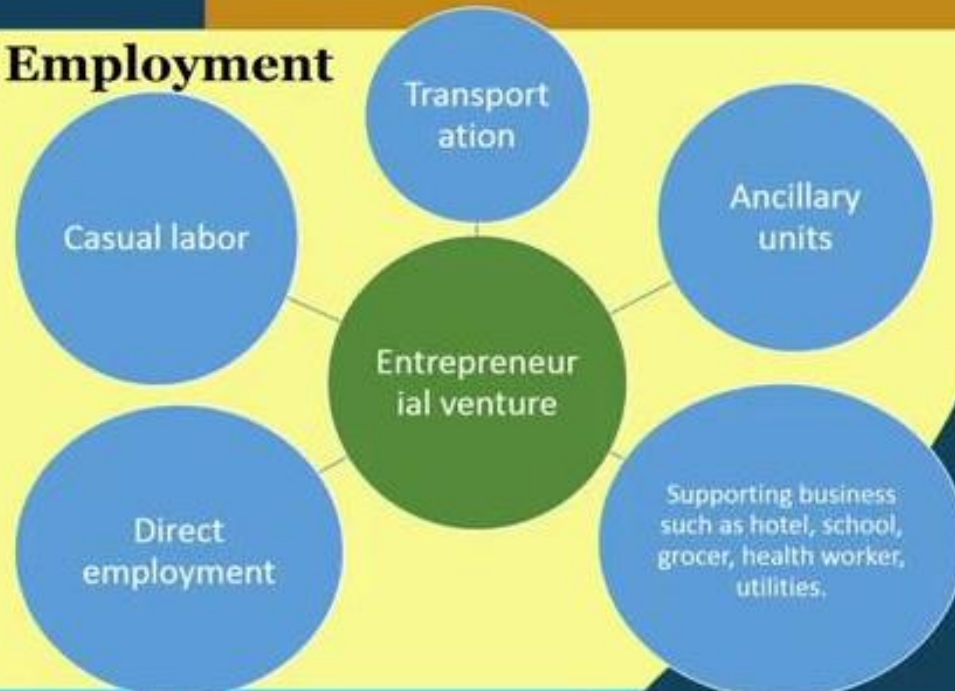
Source <https://thegedi.org/2018-global-entrepreneurship-index-data/>



# ENTREPRENEURSHIP DEVELOPMENT

## Multiplication of Employment

Though direct employment generated by an entrepreneurial venture may appear small, they create many indirect employment in several supporting activities.



# ENTREPRENEURSHIP DEVELOPMENT

## Economic Contributions of Entrepreneurs



Source:  
[www.internationalsteam.co.uk](http://www.internationalsteam.co.uk)



Source: Getty Images/Lonely Planet Images



Source: Wikipedia



Source: The Wire



# ENTREPRENEURSHIP DEVELOPMENT

## Economic Contributions of Entrepreneurs

### Entrepreneurs

- Bring about the economic value-cycle and sustain it.
- Increase government income resulting in higher expenditure and more consumption.
- Generate employment.
- Promote savings.
- Increase consumption.
- Stimulate new demand by offering products of higher esteem.

# ENTREPRENEURSHIP DEVELOPMENT

## **Economic Contributions of Entrepreneurs**

**... contd.**

- Improve technological landscape through innovations in all key areas.
- Facilitate diffusion of technologies from abroad into domestic industries resulting in technological self-reliance.
- Bring foreign exchange that increases value for local currency. Increased forex reserves provide enormous power to a nation while increasing purchasing power to its citizens.
- Improve quality of life of citizen.



# ENTREPRENEURSHIP DEVELOPMENT

## Reliance Industries Ltd.

- Reliance Industries contributes about 5% of the direct tax collection of our country.
- Reliance Jio's disruptive entry will expand India's per capita GDP by about 5.65%, says a report by Harvard Business School#.
- Imagine that we have many more such companies and the GDP and government's income would soon multiply.

# Appeared in the Mint on 06 April 2018

# ENTREPRENEURSHIP DEVELOPMENT

## **Intrapreneurship/ Corporate Entrepreneurship**

**Process or strategies of intrapreneurship or corporate entrepreneurship in a company:**

**Employees within the organization are encouraged to behave as entrepreneurs, be creative, proactive, embrace calculated risk to achieve higher goals in pursuing disruptive innovation within the larger mission of the organization using the resources, capabilities and security of the company to draw upon.**

# ENTREPRENEURSHIP DEVELOPMENT

## **Corporate Entrepreneurship or Intrapreneurship**

**“Corporate entrepreneurship is the process by which teams within an established company conceive, foster, launch and manage a new business that is distinct from the parent company but leverages the parent’s assets, market position, capabilities or other resources”**

**- Wolcott & Lippitz**

# ENTREPRENEURSHIP DEVELOPMENT

## Corporate Entrepreneurship

### Intrapreneurship

- "A person within a large corporation who takes direct responsibility for turning an idea into a profitable finished product or service through assertive risk-taking and innovation".
- Intrapreneurship has evolved as a corporate management style integrating risk-taking, innovative approaches, motivational techniques – more traditionally the province of ENTREPRENEURSHIP - in the work culture.



# ENTREPRENEURSHIP DEVELOPMENT

## Why Corporate Entrepreneurship

- Generally speaking, people can exploit their creative talent only in an open and independent environment without any compulsion.
- Creative persons are restless and would feel suffocated unless they can put their creativity into action.
- A company can recruit such employees but may find it difficult to retain them as also to extract the best creative output (double trouble).
- Corporate entrepreneurship provides such creative talents the freedom to engage in innovative activities without constraints and provide all necessary resources so they will create wealth for them and the company (double benefits).

# ENTREPRENEURSHIP DEVELOPMENT

## **What to expect as an Employee**

- Full empowerment to act like an entrepreneur without major part of the risks.
- Freedom to experiment within a large organization.
- Autonomy: you are the independent driver
- All resources (except talent) are provided by the company.
- You reap the benefit of your creative talent. Sky is the limit.
- The risks are absorbed by the company.

# ENTREPRENEURSHIP DEVELOPMENT

## **What to expect as a company**

- Foster creativity and innovation in products, services, and processes.
- Accelerate product development.
- Improve customer value proposition.
- Create and maintain competitive advantages.
- Reduce attrition rate of talents.
- Achieve sustainable growth in the era of innovation-driven economy.

# ENTREPRENEURSHIP DEVELOPMENT

## **What to expect as a company ... contd**

- **Bring about new innovations in related or new field so the company can serve existing or new markets.**
- **Give birth to new enterprises within the enterprises.**
- **Xerox**



# ENTREPRENEURSHIP DEVELOPMENT

## What it takes to pursue intrapreneurship?

- Creative
- Self-motivated.
- Action-oriented & self-driven.
- Proactive (opposite of reactive).
- Think independently.
- Flexible.
- Willing to accept failure as an option and relentlessly persevere.

# ENTREPRENEURSHIP DEVELOPMENT

## **Corporate Entrepreneurship or Intrapreneurship**

### **'FutureWorks' of Procter & Gamble**

- Is charged with creating, incubating, and scaling transformational new products, services and business models that capitalize on disruptive market innovations.
- P&G has established Corporate Innovation Fund (CIF) to finance the process of development of such disruptive innovations and has been highly successful in bringing new products to the market.
- The team members are characterized by humility, passion about the work, thriving in ambiguity, and consistently challenging the status quo.
- The greater efficiency and market loyalty of P&G products are due to the breakthrough innovations at 'FutureWorks'.

# ENTREPRENEURSHIP DEVELOPMENT

## **Mahindra Group Fosters 'Intrapreneurship'**

- **MUMBAI:** The Mahindra Group allows employees to invest in startups being incubated within the organisation, giving a strong push to 'intrapreneurship'.
- The idea is to provide the employees in established companies an opportunity to participate in the wealth creation so as to attract and retain talents, who are otherwise excited to work for startups.

# ENTREPRENEURSHIP DEVELOPMENT

## More Instances of Intrapreneurship

- 3M gives freedom to employees to create their own projects, and provides funds.
- HP used to be known for innovation-friendly atmosphere and intrapreneurial reputation.
- Intel has a tradition of intrapreneurship.
- Google allows their employees to spend up to 20% of their time to pursue projects of their choice.



# ENTREPRENEURSHIP DEVELOPMENT

## Innovation and Entrepreneurship

Joseph Schumpeter connects entrepreneurship with innovation in

- New product.
- New production methods.
- New market.
- New forms of organization.

Use resources innovatively to translate them into valuable products so as to maximize value to consumers, generating superior returns and resulting in creation of wealth for the nation.

# ENTREPRENEURSHIP DEVELOPMENT

## Innovation and Entrepreneurship

Entrepreneurs use innovation

- to develop solutions to alleviate problems persisting in a group of people.
- to create differentiation in products or services gaining competitive advantage.
- to alleviate risks of various kinds.
- use factors of production efficiently to delineate superior value propositions and, in the process, innovate new business models.
- Innovation can be perceived under many contexts and not merely in products and services development. Doing anything differently that makes better value for customers may be termed as innovation.

# ENTREPRENEURSHIP DEVELOPMENT

## Schumpeter Propounded

- **Creative Destruction** as a way of innovation and entrepreneurship.

Entrepreneurs

- greatly value self-reliance,
- strive for distinction through excellence,
- are highly optimistic (otherwise nothing would be undertaken).
- always favour challenges and take calculated risk.

Source: <http://www.businessdictionary.com>

# ENTREPRENEURSHIP DEVELOPMENT

## Innovation and Entrepreneurship

- Innovation disrupts existing business model by introducing better products with superior value proposition at increasingly higher speed.

Fortune 500 firms in 1955 vs. 2014.

- In about 60 years, almost 88% of the Fortune 500 companies no longer feature in the list because they have mostly become **bankrupt** or are no longer **significant**.
- And we're all better off because of that dynamic 'creative destruction'.



# ENTREPRENEURSHIP DEVELOPMENT

## Innovate or Perish


- Every new employee get a copy of the "*Facebook's little red book*" that famously says:

"If we don't create the thing that kills Facebook, someone else will"

It's a way to communicate the history, mission, and values of the company.

One of the last pages says:

"Embracing change' isn't enough. It has to be so hardwired into who we are that even talking about it seems redundant. The internet is not a friendly place. Things that don't stay relevant don't even get the luxury of leaving ruins. They disappear."



Facebook was not  
originally created to  
be a company.

# ENTREPRENEURSHIP DEVELOPMENT

## *Conclusion*

### **Conclusion:**

- Entrepreneurship creates value for the society at large.
- All businesses can innovate, can take calculated risk to remain ahead of competition and can be called entrepreneurial.
- Whatever one does and wherever one works, there is scope to use entrepreneurial qualities.

# ENTREPRENEURSHIP DEVELOPMENT

## References

### References:

- ❑ <http://benbarry.com/project/facebooks-little-red-book>
- ❑ Stel A. v, M. Carree and R. Thurik (2005), *The effect of entrepreneurial activity on national economic growth*, Small Business Economics, Vol. 24, No. 3, pp. 311-321
- ❑ Praag C. M. Van, and P. H. Versloot (2007), *What is the value of entrepreneurship? A review of recent research*, Small Business Economics, Vol. 29, pp. 351-382
- ❑ Aparicio S., D. Urbano and D. Audretsch (2016) *Institutional factors, opportunity entrepreneurship and economic growth: Panel data evidence*, Technological Forecasting and Social Change, Vol. 102, pp. 45-61