

# 1. Entrepreneurship

The process of identifying, evaluating, and seizing opportunities to create and manage a new venture, often involving innovation, risk-taking, and resourcefulness. It combines creativity and strategic planning to pursue economic wealth, personal fulfillment, or social impact, regardless of currently controlled resources.

It is *Process-Oriented*, has *Risk* and *Reward*, is an *Art* and a *Science* and involves both the *Attitude* as well as the *Action*.

## 📌 Role of Entrepreneurship in Society

- **Economic Impact** → Startups generate many jobs, with small firms creating over 80% of new U.S. jobs (1969–1986). It raises income, improves quality of life, boosts wealth, diversifies economies, and expands tax revenue for public services.
- **Innovation** → Introduces new products, services, and processes, replacing outdated systems and creating new markets.
- **Social Benefits**
  - For Individuals, it enables autonomy, skill growth, and personal fulfillment.
  - For Families, it can improve financial security and inspires entrepreneurial mindsets.
  - For Communities, it supports local economies through investment and jobs, especially in underserved areas.

## 🧐 Who is an Entrepreneur?

The person who identifies, pursues, and capitalizes on opportunities to create and manage a new venture, assuming its risks and rewards. They organize resources, innovate, and drive change, often with a mindset geared toward action, creativity, and resilience.

- **Types of Entrepreneurs** → Opportunistic, Necessity, Small Business, Scalable Startup, Large Company/Intrapreneur, Innovative, Imitative, Social, Buyer, Hustler, Researcher

## ☰ Characteristics of an Entrepreneur

- **Innovator** - Introduces new ideas, products, or processes.

- **Organizer** - Combines land, labor, and capital for production.
- **Risk Taker** - Bears financial, reputational, and operational risks.
- **Decision Maker** - Sets business direction through strategic policy decisions.
- **Opportunity Seeker** - Identifies, evaluates, and seizes market opportunities.

An entrepreneur is also motivated, self-confident and resilient with a clear vision of goals.

### Why do people become Entrepreneurs?

Entrepreneurship is driven by diverse motivations, shaping the goals, venture type, and success metrics in new venture creation. These reasons fall into three main categories:

- **Personal and Psychological Drives** (Independence, Fulfillment, Career Shift, Financial Gain)
- **Opportunity and Impact** (Seizing Opportunities, Solving Problems, Social Impact)
- **Necessity and External Factors** (Lack of Options, Environmental Changes, Accidental Discovery)

### What is an Enterprise?

A business organization/firm created by an Entrepreneur is called an Enterprise.

- The main goal of any enterprise is to make profit.
- They strive to provide good products or services to satisfy their customer requirements.
- It does require a solid financial backhold.

## 1.1. The Entrepreneurial Process

It is a systematic, iterative sequence of steps to create, develop, and manage a new venture, overcoming resistance to innovation. It consists of 4 phases:

1. **Opportunity Identification and Evaluation** → The foundation of entrepreneurship, focusing on recognizing and assessing viable opportunities. It distinguishes a mere idea from a market-driven, value-creating opportunity.
  - Identify opportunities by staying alert to market needs or consumer feedback.

- Evaluate opportunities based on durability, value, risks, returns, personal fit, and competitive uniqueness.
  - Create an **Opportunity Assessment Plan** to validate the opportunity before planning.
2. **Development of Business Plan** → Crafting a detailed plan to exploit the validated opportunity. It is essential for resource acquisition and guiding venture management. However, it is time-consuming, especially for inexperienced entrepreneurs with limited resources.
- Create a proper business plan with products/services, market analysis, strategy, management, marketing, HR, and multi-year financial projections.
3. **Determination of Required Resources** → Securing the resources needed to launch and sustain the venture. It ensures timely resource availability to execute the business plan.
- Assess current resources and distinguish critical from helpful ones.
  - Acquire resources (e.g., capital, human resources) while minimizing loss of ownership.
  - Identify alternative resource suppliers, potentially relinquishing some control for growth funding.
4. **Management of the Resulting Enterprise** → Implementing the plan and managing the venture for growth and success. It drives the venture toward sustainability and success but some entrepreneurs do struggle with managing growth despite successful startup.
- Execute the business plan using acquired resources.
  - Establish a management style, structure, and control system to address operational challenges.
  - Identify key success variables and resolve issues quickly.

### Business Opportunity

A market-driven situation with potential demand, addressing a specific need through a new product, service, or business.

- **Essential Qualities** → Attractive, Timely, Durable and Value-Adding.

### Theoretical Perspectives

#### 1. Discovery (Kirznerian)

- Opportunities exist externally due to market imbalances.
- An alert entrepreneur identifies and exploits existing opportunities, seeking equilibrium.

#### 2. Creation (Schumpeterian)

- Opportunities are created through innovation.
- Innovator introduces new products/methods, disrupting markets.