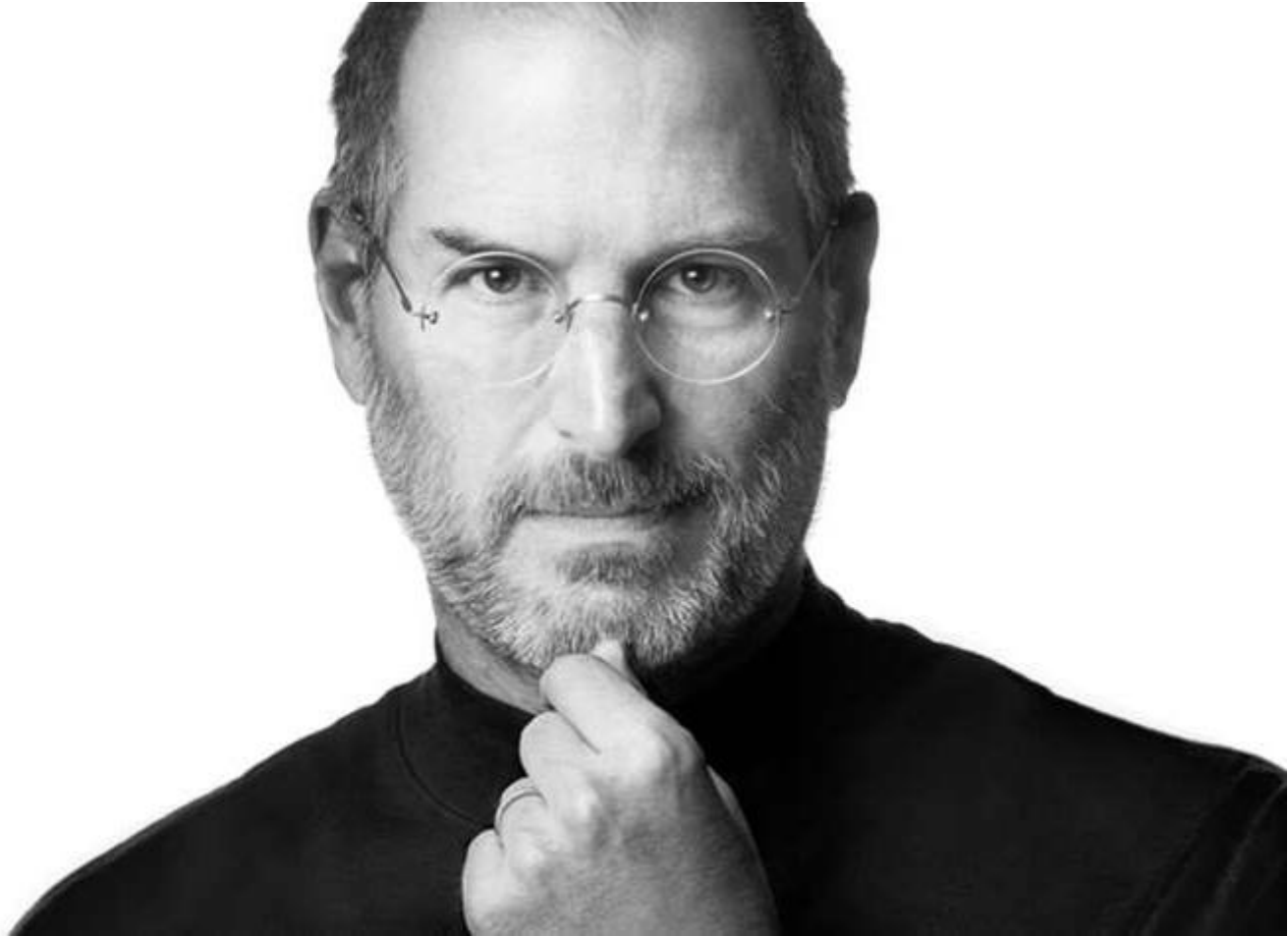


Entrepreneurship and Small Business Management

Becoming an Entrepreneur

Small Business Basics

Starting a Small Business











Entrepreneur

Who is an Entrepreneur???

Entrepreneur acts as an agent who buys factors as production at certain prices in order to combine them into a product with a view to selling it at uncertain prices in future.”

“Task of organizing and coordinating the factors of production, i.e. land, labor capital and enterprises”

“ An entrepreneur supervises,monitors and controls the business activities”

- **Risk Taker**
- **Organizer**
- **Innovator**

- A person who creates and manages change by the recognition of opportunities (needs, wants, opportunities, problems, and challenges) and develops people and manages resources to take advantage of the resources to take the opportunity and creates a venture (profitable business).
- An individual who, rather than working as an employee, runs a small business and assumes all the risk and reward of a given business venture, idea, or good or service offered for sale. The entrepreneur is commonly seen as a business leader and innovator of new ideas and business processes.

SMALL BUSINESS

Size of the Business

Size refers to the scale of operations. Size may be measured in the following ways :

- Total capital investment
- The value of total assets or fixed assets.
- Total investment in plant and machinery
- The total number of persons employed
- Volume/value of production
- Volume/value of sales turnover
- A combination of above

- Fewer than 100 employees, independently owned and operated, not dominant in its field, and not characterized by many innovative practices
- **Small Business**
 - A company that is independently owned and operated, is not dominant in its field, and employs fewer than 500 people (although this number varies by industry)

Becoming an Entrepreneur

- Goal 1** Identify characteristics of successful entrepreneurs.
- Goal 2** Recognize the importance of entrepreneurship in the economy.
- Goal 3** Describe opportunities and risks of entrepreneurship.

Risk

- Risk is the potential of gaining or losing something of value.
- Values (such as physical health, social status , emotional well-being, or financial wealth) can be gained or lost when taking risk resulting from a given action or inaction.
- Risk can also be defined as the intentional interaction with uncertainty.
- Uncertainty is a potential, unpredictable, and uncontrollable outcome; risk is a consequence of action taken in spite of uncertainty.

RISKS

- Lack of adequate capital
- Low sales
- Higher than expected expenses
- Competitive pressure
- An owner unprepared to manage a growing business operations requiring more time than the owner is willing to commit

- Entrepreneurs

- Recognize opportunities where others see chaos or confusion
- Are aggressive catalysts for change within the marketplace
- Challenge the unknown and continuously create the future

Why become an entrepreneur?

1. Challenge
2. Profit potential
3. Enormous satisfaction
4. Better quality of life
5. Desire for independence
6. Satisfaction of building something from nothing
7. Watching the market embrace your ideas

What does it take to succeed as a entrepreneur??

- a. Innovation and creativity skills
- b. General management skills
- c. Business know-how
- d. Social networks

Characteristics or Personal Competency of an Entrepreneur.

- Desire to be your own boss
- Initiative
- Sees and Acts on Opportunities
- Persistence
- Information seeking
- Concern for High Quality Work and Output
 - Increased Productivity.
- Commitment to Work Contract
- Efficiency Orientation

Characteristics or Personal Competency of an Entrepreneur.

- Risk taking
- Systematic and organized planning
- Problem Solving
- Self Confidence
- Inspirational - employees
- Effective Communicator – external & internal of organization

ENTREPRENEURS ARE MORE

Persistent

Inquisitive

Energetic

Goal-oriented

Independent

Self-confident

Creative

Reliable

Competitive

ENTREPRENEURS HAVE

Better Problem-solving skills

Tolerance for ambiguity

Strong integrity

Personal initiative

Ability to secure resources

Capability to learn from failure

Willingness to work hard

Rewards for an Entrepreneur

- Freedom to work
- Satisfaction of being own boss
- power to do things
- Respect of family and friends

Penalties for an Entrepreneur

- ✓ Availability of limited capital and other resources.
- ✓ Social and family life is affected.
- ✓ Risk of failure.
- ✓ Constraints of financiers, laborers, customers, and suppliers.

Functions of an Entrepreneur

- Idea generation
- Determination of business objectives
- Rising of funds
- Procurement of machines and materials
- Market research
- Determining form of enterprise
- Recruitment of manpower
- Implementation of the project

Qualities an entrepreneur

Motivation to achieve

The habit of hard work

Non-conformity (sense of independence and desire to set own goals)

Strong leadership

**Good intuitive judgment, common sense and instinct Risk
takers**

**Objective approaches Emotional
stability**

Comprehensive awareness

Distinction Between Entrepreneur and Manager

	Entrepreneur	Manager
Motive	The main motive of an entrepreneur is to start a venture for his personal gratification	Render services in an enterprise already set by someone else.
Status	Owner	servant
Risk	Assumes risk and uncertainty	Does not bear any risk involved in enterprise
Rewards	Profits	Salary
Innovation	How to produce goods to meet the changing needs of the customers	Simply executes plans prepared by the entrepreneur
Qualification	Possess qualities and qualifications	Possess distinct qualifications

Entrepreneurship is classified in Nine Types:

Administrative Entrepreneurship.

Opportunistic Entrepreneurship.

Acquisitive Entrepreneurship.

Incubative Entrepreneurship.

Imitative Entrepreneurship.

Private Entrepreneurship.

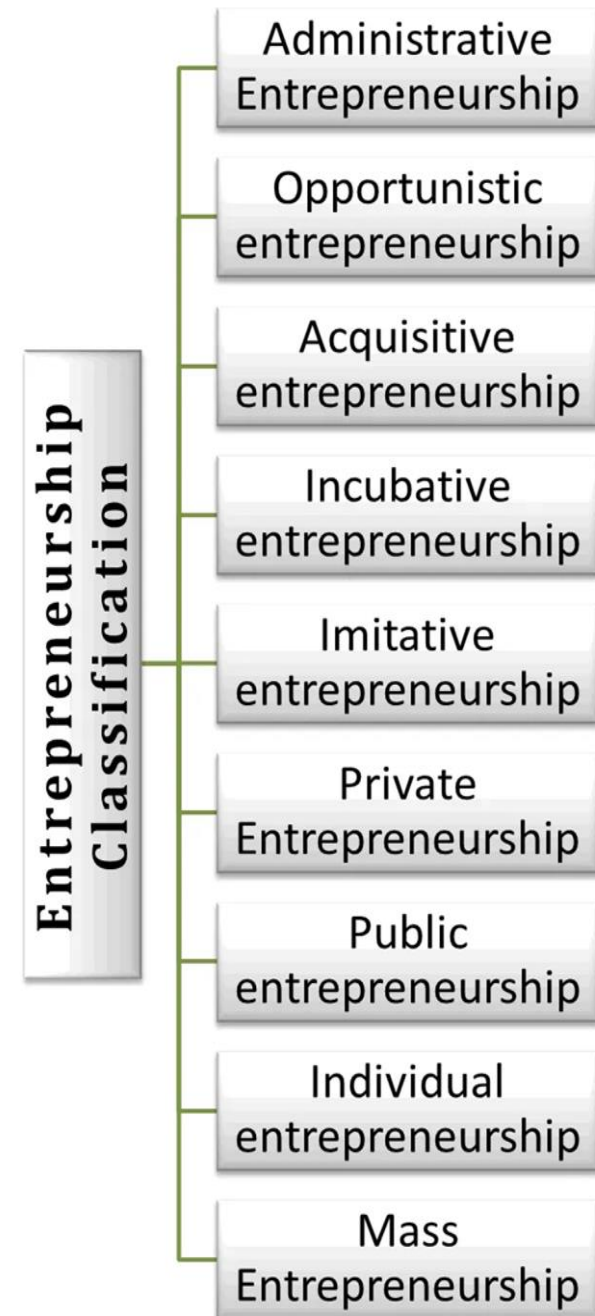
Public Entrepreneurship.

Individual Entrepreneurship.

Mass Entrepreneurship.

For more

info:<https://101entrepreneurship.org/different-types-of-entrepreneurship-with-examples/>



Administrative Entrepreneurship

The entrepreneurial activity under this category is centered around administrative techniques and functions.

It gives a new option to handle prevailing or future situations in a more effective way that provides advantages and a competitive edge.

Total Quality Management, job redesigning, new techniques of doing things, participative management or management by consensus are a few of the examples of administrative entrepreneurship that increase overall organizational efficiency and that makes the firm successful and sustainable in the competitive market environment.

The old-age pension scheme is such administrative entrepreneurship of the government.

Opportunistic entrepreneurship

There is a proverb “Hit! while the iron is hot”. It is the best exhibit of the characteristic of this category of entrepreneurship.

Environmental changes always offer new opportunities. But everybody is not equally capable of identifying and to utilize that opportunity on time.

The entrepreneurship that identifies, exploits and executes the opportunity in the first hand regarded as opportunistic entrepreneurship.

Acquisitive entrepreneurship

The entrepreneurship that learns from other competencies is called acquisitive entrepreneurship.

It acquires something new of value front, the competitive environment or achieves the competitors' technical capacities. It keeps entrepreneurship sustainable in a competitive environment.

The failure never restraints them from acquisition but motivates them further to discover such a thing with a new visitor.

Incubative entrepreneurship

This category of entrepreneurship generates and nurses new ideas and ventures within the organization.

It productively executes them and ensures material gain for the organization.

They pursue and help to get differentiated technologies to promote creations and innovations Microsoft, Nokia, etc. always incubates new varieties types of product and creates product differentiation in the market.

Imitative entrepreneurship

The entrepreneurship that imitates a good or service operating in the market under a franchise agreement is the imitative entrepreneurship. It is the medium that spread technology over the world.

It adopts an existing technology in countries over the world. It also adopts an existing technology with minor modifications appropriate to the local condition.

Private Entrepreneurship

The entrepreneurship that is initiated under the private sector is private entrepreneurship.

The government gives various support services through private and public concerns that encourage private initiative in taking entrepreneurial ventures.

A layer and mutual relationship between private and public sectors would make economic development speedy and balanced.

Public entrepreneurship

The entrepreneurship that is undertaken by the government through its various development agencies is defined as public entrepreneurship.

All countries, developed or underdeveloped, take a public initiative in venture ideas to fulfill the initial deficiency of private entrepreneurs.

Individual entrepreneurship

The entrepreneurship that is undertaken by an individual or a family with his initiative is called individual entrepreneurship.

Mass Entrepreneurship

This type of entrepreneurship emerges in an economy where a favorable climate of motivation and encouragement exists for developing a wide range of entrepreneurship among general mass is mass entrepreneurship.

It increases small and medium enterprises in a country.

Hans Schollhammer (1980) has classified entrepreneurship into five categories such as administrative, opportunistic, acquisitive, incubative and imitative entrepreneurship.