

Entrepreneurship Paradigms and E- Entrepreneurship

Introduction

Entrepreneurship activities involve discovery , assessment , organization and implementation of opportunities.

- Individuals are considered entrepreneurial if they undertake something new or are persistent and proactive in undertaking a venture.
- Organization don't always realize alternative strategies exists for innovation and entrepreneurship

Introduction

One way for organizations to become innovative is to encourage their employees to be innovative

- Innovative culture needs to be built, be present and operative at every level of organization
- Employees should be expected and encouraged to look for opportunities to improve and innovate.

Introduction

- Startups should be backed by policy to provide challengers for established firms
- Competition is an important factor for building innovation capabilities of firms and nations
- Nations should back startups that challenge status quo and not rely only on their large enterprises to lead their innovation efforts in future

Introduction

- When innovation and entrepreneurship are combined they may even advance society. Examples of entrepreneurs and innovations that changed world:
 1. Fixed phone
 2. Mobile phone
 3. Electric light bulb
 4. Internal combustion engine vehicles
 5. Computer
- How did the above advance civilization

Great Entrepreneurs

- Entrepreneurship without science is rare
- Even Jeff Bezos delivering products with drones includes drone technology, so understanding technology is still necessary
- A characteristics of some great innovators/entrepreneurs is they wanted to create something that would earn them a place in history although there was a slight chance
- John Sculley , Bill Gates and Steve Jobs collaborated, cooperated and competed –if you an entrepreneur you should know this opportunities exists with your competitors.

Characteristics of successful IT innovators

1. Applying passion for technology and creating an environment where passion becomes contagious (some body said passion is when you find something you can do all you working life without pay. The person was talking about ideal passion however you need some level of passion not necessary ideal highest level)
2. Having little or no concern about failure

Characteristics of successful IT innovators

3. Recognizing a technology need or desire that can be filled
4. Filling need by experimenting with new and old knowledge
5. Having need to add theory to practice and practice to theory
6. Interpreting events and activities in unconventional ways
7. Working with colleagues who have complementary skills

D's Characteristics of successful IT entrepreneurs

1. Dream
2. Decisive
3. Doers
4. Determination
5. Dedication
6. Details
7. Destiny
8. Dollars
9. Distributions

Innovation and entrepreneurship plans

1. Not succeeding according to plan is the norm
2. But if innovators and entrepreneurs are deterred by failure they would never succeed
3. The genius of success is sometimes to partner with others with complementary skills. For large innovation sometimes communities need be created for successful commercialization and open source innovation is one of the routes

Large net economy(LNE) players

Most large LNE started as startups with entrepreneur, or with teams with computing professionals

1. Face book – business model social networking
2. E bay - auctions
3. Amazon – book selling

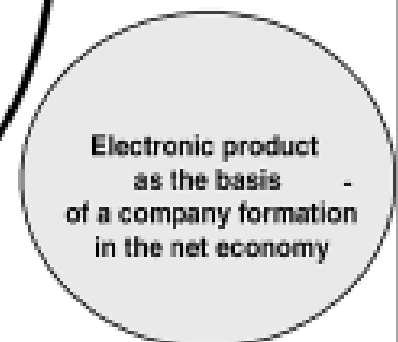
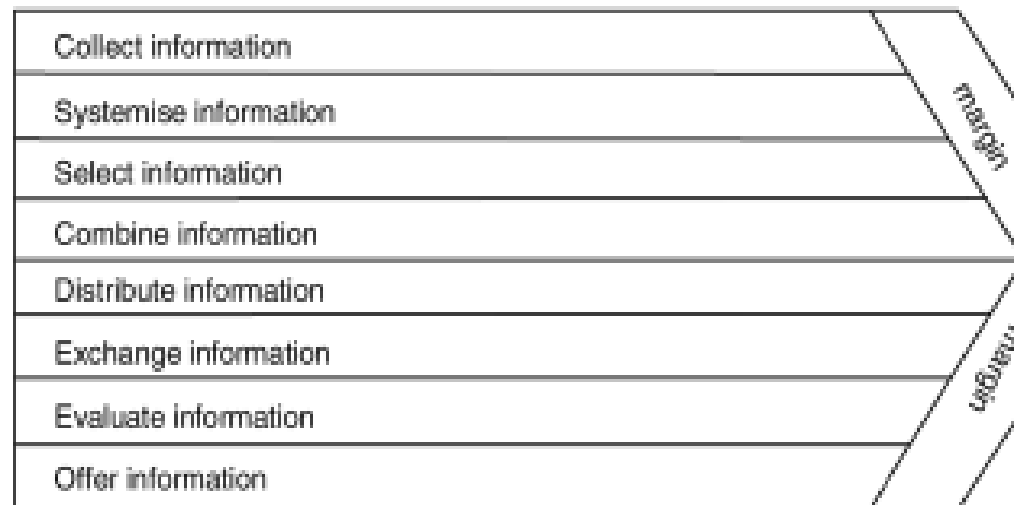
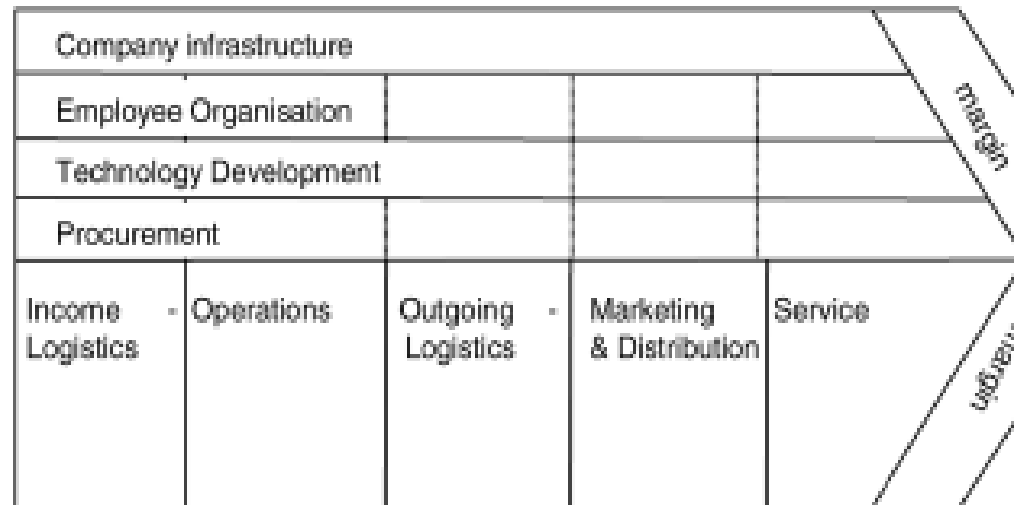
Their products are IT products and IT adds value throughout value chain

Entrepreneurs founders net economy firms

1. Jeff Bezos - Amazon
2. Mark Zuckerberg - Face book
3. Pierre Omidya – Ebay
4. Chad Hurley, Steve Chen, Jawed Karim
– You tube
5. Evan Williams –Twitter

Net economy is founded on information, communication and transaction

Value Chain of the Real Economy



Value Chain of the Net Economy

Exercise DON'T SUBMIT

- Compare and contrast value chain of real economy and Net economy IT companies

M commerce

- In same way E commerce theories emerge from brick and mortar, M commerce theories emerge from E commerce

Differences between technologies used to implement Ecommerce and Mcommerce:

1. Mcommerce - Heterogeneous products – deliver many different hardware's with different capabilities served by many different operating systems. Ecommerce - Few hardware's and Oss.
2. Mcommerce - Make sure product adheres to vendor standards E.g. Apple application market - Ecommerce no adherence or strict adherence.

Open entrepreneurship

Similar to open source innovation

- Has become popular after success of companies like Redhat, Canonical And Mandriva, and widespread incorporation of open so into mainstream companies (Microsoft, Apple and Google) – theories and practices sometimes become popular by being shown to contribute to success of several companies
- Software value – value is profit generated by venture but open source involves giving a way code and working for free. So value must be generated by other means

Open source companies employees open and mixed business models

| company/organisation | open source/tree | revenue generation |
|----------------------|------------------------------------|--|
| Canonical | Ubuntu | Technical support |
| Red Hat | Fedora (project) | Red Hat Enterprise Linux (RHEL) |
| Novell | openSUSE (project) | SUSE Linux Enterprise (SLE) |
| Sun Microsystems | OpenOffice.org | StarOffice |
| Adobe | Flex | Flash Builder IDE |
| Apple | Darwin | Mac OS X |
| Francisco Burzi | PHP-Nuke v.n-1 | PHP-Nuke v.n |
| Ingres | Ingres database | Subscription for service and support, Ingres Icebreaker Appliance database |
| MySQL | MySQL | MySQL enterprise (subscription, support and additional features) |
| Linspire Inc. | Freespire | Linspire |
| Mandriva | Mandriva Linux, Mandriva Linux One | Mandriva Linux 2008 |
| Mozilla Foundation | Firefox | Google |

Introduction Entrepreneurship paradigms

Paradigm is set of knowledge and practices that are accepted by a community of research and practitioners as basis of work and research in a field

- Paradigms are foundations of knowledge and they determine what is accepted as knowledge by the community and all else is not accepted as knowledge belonging to paradigm

Introduction Entrepreneurship paradigms ...

- Paradigm may represent large communities like information technology, Computer science, software engineering biology or they may represent smaller areas such subfields of this fields. Fields of professional specialization are called disciplines
- Paradigms provided efficient and effective ways of using and creating knowledge by focusing on areas that have been found promising by their communities

Entrepreneurship

Entrepreneurship is discipline of study and is based on different perspectives /paradigms on how the phenomena of entrepreneurship should be studied and practiced.

Two perspectives(paradigms) of studying entrepreneurship are :

1. Analyze do Enact(ADE)
2. Consider do adjust (CDA)

Analyze do Enact(ADE)

- Represents the common model used in entrepreneurship studies
- Requires understanding a venture as fully as possible before embarking on it

It can be carried out using following process:

1. Scanning
2. Forecasting
3. Monitoring
4. Assessing

It requires considerable investment in learning

Analyze do Enact(ADE)

- Considers technological, social, economic, political, ecological factors and so on
- It considers factors like taxation, patent, invention, the economy, social trends and values, government support, political risk and so on.
- SWOT and PEST (Political Economic Social And Technological) analysis can be carried out to determine line of action to be taken

Analyze do Enact(ADE)

Analysis is safest where there is sufficient theoretical knowledge, such as what to look for and how to interpret the results. For example porter forces is applicable

- With accurate picture of conditions its possible to design a venture that will fit and match this conditions:
 1. Business model
 2. Marketing strategy

Analyze do Enact(ADE)

Designing venture to satisfy these conditions:

3. Financial planning
4. Organization design
5. Work practice design
6. Product design
7. Legal structure
8. Growth strategy design

In circumstance there isn't enough knowledge then other paradigm of consider, do adjust (CDA) should be used

Analyze do Enact(ADE)

- In venture design you use historical examples that have proved successful
- Design is completed by planning, identifying resources, and scheduling activities that need to be carried out at specific times in medium term future
- The result is a business plan summarizing the design and plans

Structure of an ADE Business Plan



business plan

1. Executive summary
2. Background and purpose
3. Objectives
4. Market analysis
5. Development and production
6. Marketing
7. Financial plans
8. Organization and management
9. Ownership
10. Critical risks and contingencies
11. Scheduling and milestones
12. Conclusions

Consider do adjust (CDA)

- Focuses on action, though thinking is necessary
- Start a venture based on what is possible then adapt it as you gain more understanding
- Its based on similar philosophy to agile software development
- Its based on an assumption that some problems can never be understood completely before you start solving them

Consider do adjust (CDA)

- Some problems are affected by many factors that cannot be determined with certainty and the problems keep changing.
- For example when you start a venture that depends on imported things, it can be affected by foreign currency fluctuations, international competition, state of world economy, the product you are selling will be affected by local competition, life style trends and so on. Similar to buying shares on stock exchange.

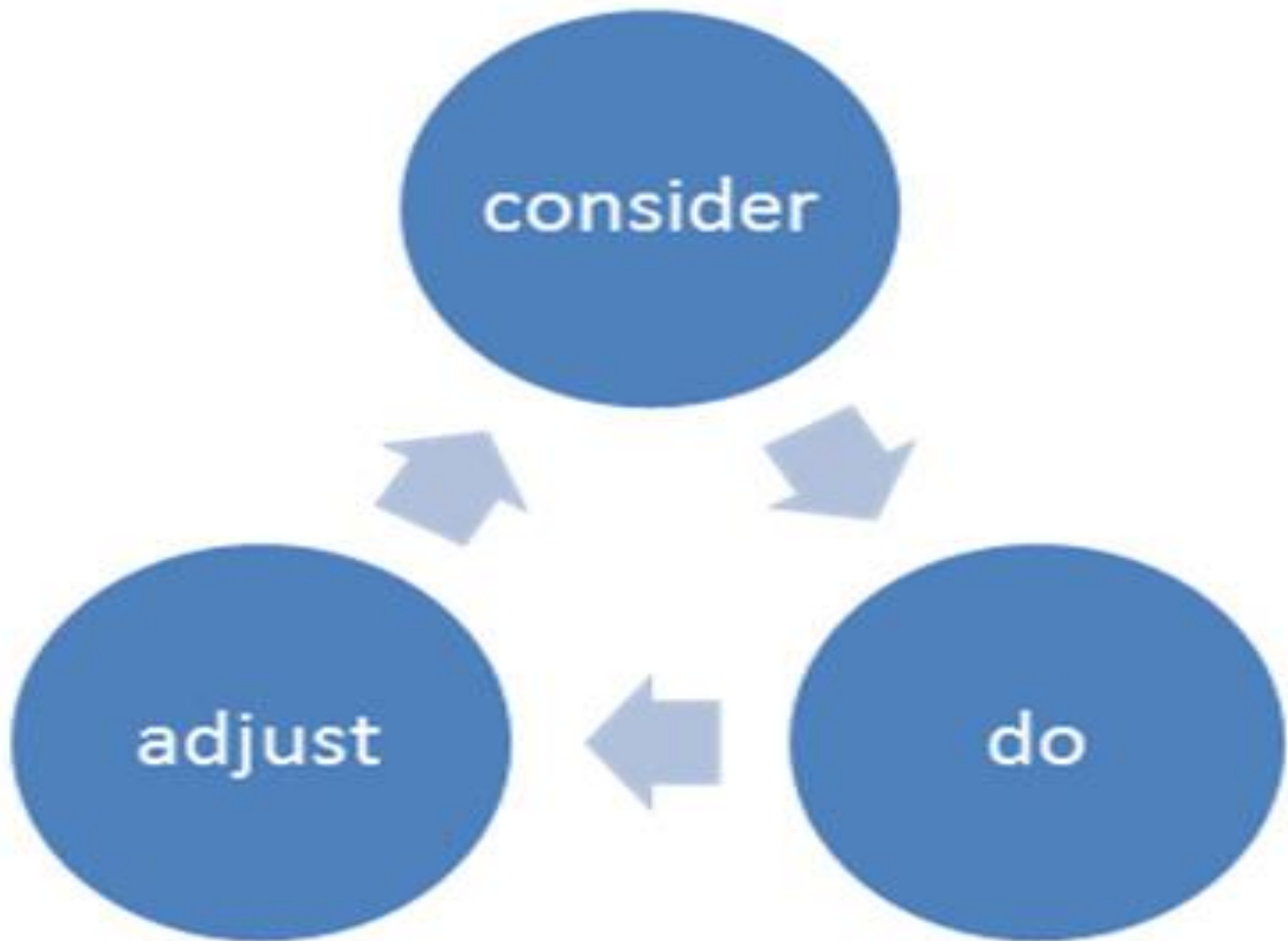
Consider do adjust (CDA)

- More successful entrepreneurs use this model than ADE and is based on assumption that future is determined by peoples actions and cannot be accurately predicted (called effectuation theory). Similar to TPS creating your fate
- The entrepreneur can take control of his resources and try to influence or create his future
- If there is no product it can be created, if there is no market it can be created. Lack of something presents an opportunity rather than impossibility (lack of something is opportunity)

Consider do adjust (CDA)

- If the venture you starting deals with unpredictable future and goals are ambiguous then it doesn't make sense to make large scale investment in analysis and design

Consider do adjust (CDA)



Consider do adjust (CDA)

Principles to follow:

1. Invest what you can afford to lose
2. Start with self selected stakeholders
not market analysis to find where you fit
3. If things go wrong try to benefit from failures. Its called lemonade principle
lemons are bitter but you can turn them sweet lemonade and sell

Consider do adjust (CDA)

Principles to follow:

4. Future comes from what people do not from inventible market and technological trends (these trends are created by people and can be changed)
5. Start with what you have – capital you have , for example people you know

- ADE goal first – design the venture/
CDA means firsts -let the venture
emerge
- ADE Maximize return – borrow money
and use venture to increase its value
and make a profit/ CDA Control
investment – invest what you are
comfortable with and see what you get

- ADE Avoid the unexpected– follow plan and overcome obstacles/CDA leverage the unexpected – change direction of venture to take advantage of opportunities you meet
- ADE make decision after considering competition and market/ CDA make alliances and collaborations by forming win-win relationships
- ADE predict and control/ CDA predict don't control