

## Introduction to Entrepreneurship BCOM 12152

Part 1: Decision to Become an Entrepreneur  
Lesson: Introduction to Entrepreneurship  
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### what you know!!!

- What is your dream??
- Student perception in Sri Lanka..
- 'In the contemporary field of Commerce and Management, stereotyped knowledge is no longer a valid one'.
- Think out of the box... ▣
- So what are the emerging areas???
- Entrepreneurship is One of them..

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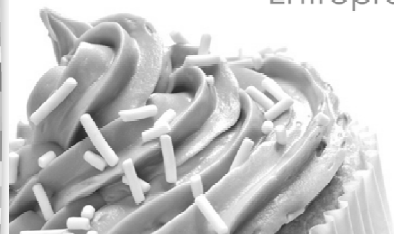
### what you know!!!

- Entrepreneurship



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### What is True!



Entrepreneurship  
It's not  
about the  
cupcakes.

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### What is Entrepreneurship?

- Who are Inventors? ▣
- Is an Entrepreneur differs from an Inventor?
- Academic definition of Entrepreneurship?
  - *Entrepreneurship is the process by which individuals pursue **opportunities** without regard to resources they currently control.*



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### What is Entrepreneurship *contd.*

- Corporate Entrepreneurship?
  - Is the conceptualization of entrepreneurship at the **firm level.**

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### Thus, key activities in Entrepreneurship definition

- Identifying an opportunity
- Exploiting or developing this opportunity
- Running a new business successfully



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### Lets check knowledge Is this person an entrepreneur?

- *After being “downsized” from his management level job, a middle-aged man discovered a special way of processing old tires to make edging for gardens (borders that keep different kinds of plants separate) and obtained a patent right for it. His business looks good now..*

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### Is this person an entrepreneur?

- *A woman who enjoys making appetizers in her home, and who is often praised by her friends who tell her how delicious these are..*
- *A retired army officer purchases obsolete vehicles from the government and uses them to start a company that specializes in tours of remote wilderness areas.*

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### Is this person an entrepreneur?

- *A man who has often forgotten the numbers needed to open combination locks comes up with a new idea; why not build a lock that uses letters instead of numbers? He enters the idea (which he previously patented) in a contest of new inventions, and wins.*

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### Why Become an Entrepreneur?

The three primary reasons that people become entrepreneurs and start their own firms



Desire to be their own boss

Desire to pursue their own ideas

Financial rewards

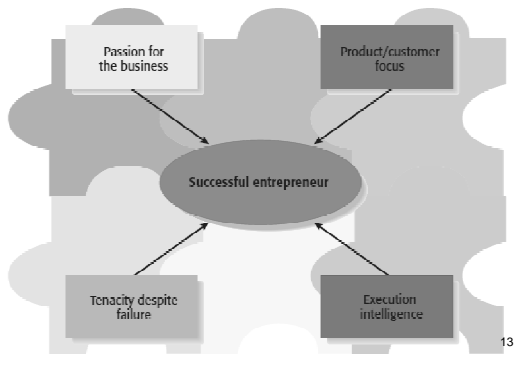
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### Why Become an Entrepreneur?

- ‘Be Their Own Boss’
  - In part, this is because some get **frustrated** working in conventional jobs.
  - Examples:
- ‘Pursue Their Own Ideas’
  - Some people are naturally alert.
  - When they recognize ideas for new products or services, they have a desire to see those ideas realized.
  - Example:
- ‘Pursue Financial Rewards’
  - People start their own firms to pursue financial rewards.

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## Characteristics of Successful Entrepreneurs



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## Characteristics of Successful Entrepreneurs

- **Passion for the Business**
  - 'Passion' what it is??
  - This passion typically stems from the *entrepreneur's belief that the business will positively influence people's lives.*
  - Example: ■
- **Product/Customer Focus**
  - Focus!!
  - A product/ customer focus also involves the diligence to spot *product opportunities* and to see them through to completion.
  - Example: ■

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## Characteristics of Successful Entrepreneurs

- **Tenacity Despite Failure**
  - Because entrepreneurs are typically trying something new, the failure rate is naturally high.
  - A defining characteristic for successful entrepreneurs' is their ability to persevere through *setbacks and failures.*
  - Example: ■
- **Execution Intelligence**
  - A Chinese saying; *To open a business is very easy; to keep it open is very difficult.*
  - The ability to fashion a solid business idea into a *viable business* is a key characteristic of successful entrepreneurs.
  - Effective execution of a business idea means developing a *'business model'*

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## Common Myths About Entrepreneurs

- **Myth 1: Entrepreneurs Are Born Not Made**
  - This myth is based on the mistaken belief that some people are *genetically predisposed to be entrepreneurs.*
  - The consensus of many studies is that no one is "born" to be an entrepreneur; *everyone has the potential* to become one.
  - Whether someone does or doesn't become an entrepreneur, is a function of the environment, life experiences, and personal choices.
  - Although no one is "*born*" to be an entrepreneur, there are common traits and characteristics of successful entrepreneurs. such as; a moderate risk taker, achievement oriented, creative, alert to opportunities, creative, energetic etc.

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## Common Myths About Entrepreneurs

- **Myth 2: Entrepreneurs Are Gamblers**
  - Some think, entrepreneurs are Gamblers and they take high risks.
  - Most entrepreneurs are moderate risk takers.
  - The idea that entrepreneurs are *gamblers originates from two sources:*
    - Entrepreneurs typically have jobs that are **less structured**, and so they face a more uncertain set of possibilities than people in traditional jobs.
    - Many entrepreneurs have a **strong need to achieve** and set challenging goals, a behavior that is often equated with risk taking.

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## Common Myths About Entrepreneurs

- **Myth 3: Entrepreneurs Are Motivated Primarily by Money.**
  - While it is naïve to think that entrepreneurs don't seek financial rewards.
  - Money is rarely the reason entrepreneurs start new firms.
  - In fact, some entrepreneurs warn that the pursuit of money can be distracting.
- **Myth 4: Entrepreneurs Should Be Young and Energetic.**

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## Common Myths About Entrepreneurs

- **Myth 5: Entrepreneurs love the Spotlight**
  - How many entrepreneurs you can name??
  - You may say, Bill Gates of Microsoft, Jeff Bezos of Amazon.com, Steve Jobs of Apple Inc, Mark Zuckerberg of Facebook.
  - These are the entrepreneurs that often in news.
  - But few can name Twitter, GAP.
  - Some entrepreneurs do not attract public attention.
  - They defy the myth that entrepreneurs, more so than other groups in our society, love the spotlight.

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## Types of Start-Up Firms

### Salary-Substitute Firms

Firms that basically provide their owner or owners a similar level of income to what they would be able to earn in a conventional job

### Lifestyle Firms

Firms that provide their owner or owners the opportunity to pursue a particular lifestyle, and make a living at it

### Entrepreneurial Firms

Firms that bring new products and services to the market by creating and seizing opportunities regardless of the resources they currently control

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## Entrepreneurship's Importance

- The importance of Entrepreneurship firstly articulated by Joseph Shumpeter in 1934.
- The notion of '**Creative Destruction**'
- **Economic impact of Entrepreneurial Firms**
  - **Innovation:** is the process of creating something new, which is central to the entrepreneurial process.
  - **Job Creation:** entrepreneurial firms are one of the prime vehicles in creation of jobs.
- **Entrepreneurial firm's impact on Society**
  - Innovations have a dramatic impact.
- **Entrepreneurial firm's impact on Larger Firms**
  - For example; many exciting new products, such as smart phones, digital cameras, and improved prescription drugs, and not solely the efforts of larger companies with strong brand names, such as Samsung, Canon, and Johnson and Johnson.

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## The Entrepreneurial Process

The Entrepreneurial Process Consists of Four Steps

**Step 1: Deciding to become an entrepreneur.**

**Step 2: Developing successful business ideas.**

**Step 3: Moving from an idea to an entrepreneurial firm.**

**Step 4: Managing and growing the entrepreneurial firm.**

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## Steps in the Entrepreneurial Process

### Step 1

#### Decision to Become an Entrepreneur

Introduction to entrepreneurship

CHAPTER 1

### Step 2

#### Developing Successful Business Ideas

Recognizing opportunities and generating ideas

CHAPTER 2

Feribility analysis

CHAPTER 3

Writing a business plan

CHAPTER 4

Industry and competitor analysis

CHAPTER 5

Developing an effective business model

CHAPTER 6

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## Steps in the Entrepreneurial Process

### Step 3

#### Moving from an Idea to an Entrepreneurial Firm

Preparing the proper ethical and legal foundation

CHAPTER 7

Assessing a new venture's financial strength and viability

CHAPTER 8

Building a new venture team

CHAPTER 9

Getting financing or funding

CHAPTER 10

### Step 4

#### Managing and Growing an Entrepreneurial Firm

CHAPTER 11

Unique marketing issues

CHAPTER 12

The importance of intellectual property

CHAPTER 13

Preparing for and evaluating the challenges of growth

CHAPTER 14

Strategies for firm growth

CHAPTER 15

Franchising

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## Reference

- Barringer B. R. and Ireland R. D. (2008). *Entrepreneurship: Successfully Launching New Ventures*, 4<sup>th</sup> ed. Prentice Hall.