

ENTREPRENEURSHIP



Entrepreneurs

Do things that are not generally done in the ordinary course of business ➤

Some entrepreneurs become celebrities...others become ridiculed for their failed dreams ➤

All contribute to the spirit of free enterprise ➤



Entrepreneurship

Mainstream Economic Factors

Land >

Labor >

Capital >

Entrepreneurship >



Entrepreneurship

17th century French...the **l'Entrepreneure**. ➤
individual who undertook the risk of a new
enterprise... “undertakers”.

They were “contractors” who bore the risks ➤
of profit or loss

Examples: soldiers of fortune, adventurers, ➤
builders, merchants and funeral directors



Entrepreneurs...

th century...Tax contractors...bore the risks of collecting taxes. If they collected more than the fee...they kept the rest as profit. ➤

Called the “change agents” of progressive economies ➤



Entrepreneurs...

“Essai sur la nature du commerce en ►
general”...1755 ...describes an entrepreneur
as a person who pays a certain price for a
product to resell it at an uncertain price,
thereby **making decisions** about obtaining
and **using resources** while consequently
assuming the risk of enterprise



Entrepreneurs...

Adam Smith...The Wealth of Nations: spoke ➤
of the “enterpriser” as an individual who
undertook the formation of an organization
for commercial purposes

A. Smith...mentioned “role of ➤
industrialist...,person with unusual foresight
who could recognize potential demand for
goods and services”



Entrepreneurs...

“A Treatise on Political >
Economy”...describes an entrepreneur as
one who possessed certain arts and skills of
creating new economic enterprises, yet a
person who had exceptional insight into
society’s needs and was able to fulfill them.
Influences society and is influenced by it. >

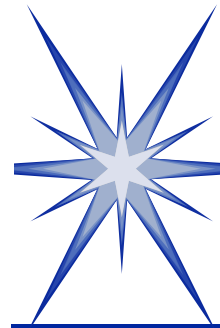


Entrepreneurs...

John Stuart Mill...describes an entrepreneur as a ➤
business founder

Recognized entrepreneurship as central to ➤
economic theory

Carl Menger...Principles of Economics: ➤
“Economic change does not arise from
circumstances but from an individual’s awareness
and understanding of those circumstances



Merger's Model... Value Added

Priority 8...Grain in Field ...Low value >

Priority 7...Bulk grain...Low value >

Intermediate Steps in Transformation >

Priority 2...Bread at Bakery for sale...High >
value

Priority 1... Delivered baked bread...Highest >
value



Entrepreneurs...

In 19th century entrepreneurs were: ➤

risk takers ➤

decision makers ➤

aspired to wealth ➤

endured commensurate losses ➤

gathered and managed resources to create new
enterprises ➤



Entrepreneurship

Joseph Schumpeter...20th century talks ➤
about “creative destruction” whereby
established ways of doing things are
destroyed by the creation of new and better
ways of getting things done

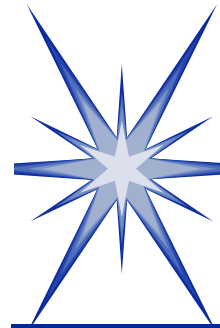
Described it as a process and entrepreneurs ➤
as innovators who use process to shatter the
status quo through new methods...



Entrepreneurs...

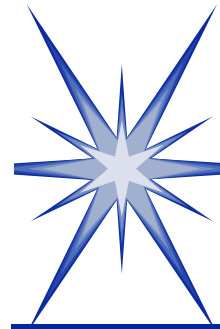
Are not equal to inventors...inventor might ► only create a new product, whereas an entrepreneur will gather resources, organize talent, and provide leadership to make it a commercial success

Peter Drucker... "Resources, to produce ► results, must be allocated to opportunities rather than to problems..."



Entrepreneurs... Traits

- Self-confident and optimistic ➤
- Able to take calculated risk ➤
- Respond positively to changes ➤
- Flexible and able to adapt ➤
- Knowledgeable of markets ➤
- Able to get along well with others ➤
- Independent minded ➤



Entrepreneurs...Traits II

Energetic and diligent >

Creative, need to achieve >

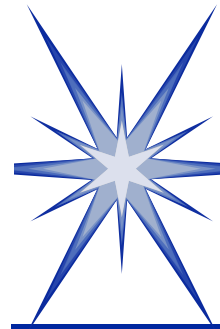
Dynamic Leader >

Responsive to suggestions >

Take initiatives >

Resourceful and persevering >

Perceptive with foresight >



Entrepreneurs...Traits III

Responsive to criticism ➤

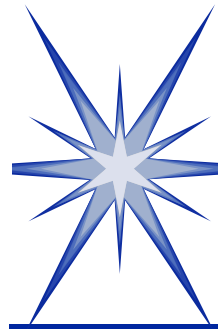
Source: "Research About Living Entrepreneurs" in Calvin A. Kent, Donald L. ➤
Sexton, and Karl H. Vesper, eds., Encyclopedia of Entrepreneurship(
Englewood Cliffs, N.J.: Prentice Hall, 1982)



Entrepreneurship

Is a dynamic process of creating ►
incremental wealth. This wealth is created
by individuals who assume the major risks
in terms of equity, time and career
commitment of providing value for some
product or service

The entrepreneur must somehow infuse ►
value to the product or service...



Discussion...

Suggest areas for new possible enterprises... ➤

Compare concepts of entrepreneurship ➤
discussed so far...

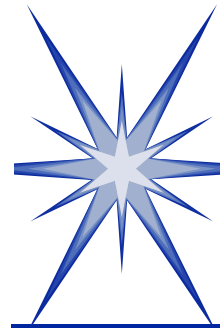
Explain entrepreneurship as a process and ➤
the importance of innovation to that
process...



Creative as a prerequisite to innovation

Creativity - is “the ability to bring ➤
something new into existence

Innovation - is the process of doing ➤
new thing.



The Creative Process

Idea Germination >

Preparation >

Incubation >

Illumination >

Verification >



The difference between invention and innovation is:

Invention - is the creation of new products, processes, and technologies not previously known to exist. ➤

Innovation - is the transformation of creative ideas into useful applications by combining resources in new or unusual ways to provide value to society for or improved products, technology, or services. ➤



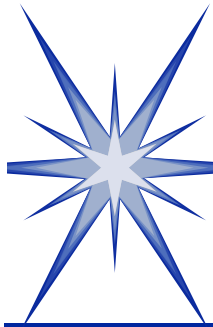
Elements in the Innovation Process

Analitical Planning ➤

Organizing Resources ➤

Implementation ➤

Commercial Application ➤



Your own new enterprise serves your interest in significant ways

Salary. ❖

Security ❖

Assets builder ❖

Perks. ❖

Independence ❖

Fulfillment ❖

