

Entrepreneurs facing the unknown



Famous roller coaster entrepreneur Carl Miler's brilliant innovation swept away by global warming.



THEORY /
PROCESS /
PRACTICE /

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4TH EDITION

Entrepreneurship

A young boy in a dark suit and white shirt is wearing large, round, black goggles. He is also wearing a silver metal colander as a helmet. On top of the colander, there is a contraption consisting of a green handle, a red ball, and a metal ring with wires. The boy has his mouth wide open in an 'O' shape, as if shouting or surprised. The background is a plain, light-colored wall.

Chapter 1

Entrepreneurship:
evolution and revolution



Objectives



1. To begin our exploration of entrepreneurship and the environment
2. To distinguish between business and social entrepreneurs
3. To distinguish between entrepreneurs and small-business owners
4. To explain the importance of entrepreneurs for economic growth
5. To examine the historical development of entrepreneurs and of entrepreneurship
6. To define entrepreneurship and explore the major schools of entrepreneurial thought
7. To realise that entrepreneurship is a pathway to freedom



Entrepreneurs facing the unknown



Famous roller coaster entrepreneur Carl Miler's brilliant innovation swept away by global warming.



What do entrepreneurs care about climate change and global warming?

- For centuries entrepreneurs exploited the environment without any thought for sustainability.
- Henry Ford and Thomas Edison accelerated global warming.
- Will modern entrepreneurs reverse the toxic trend?



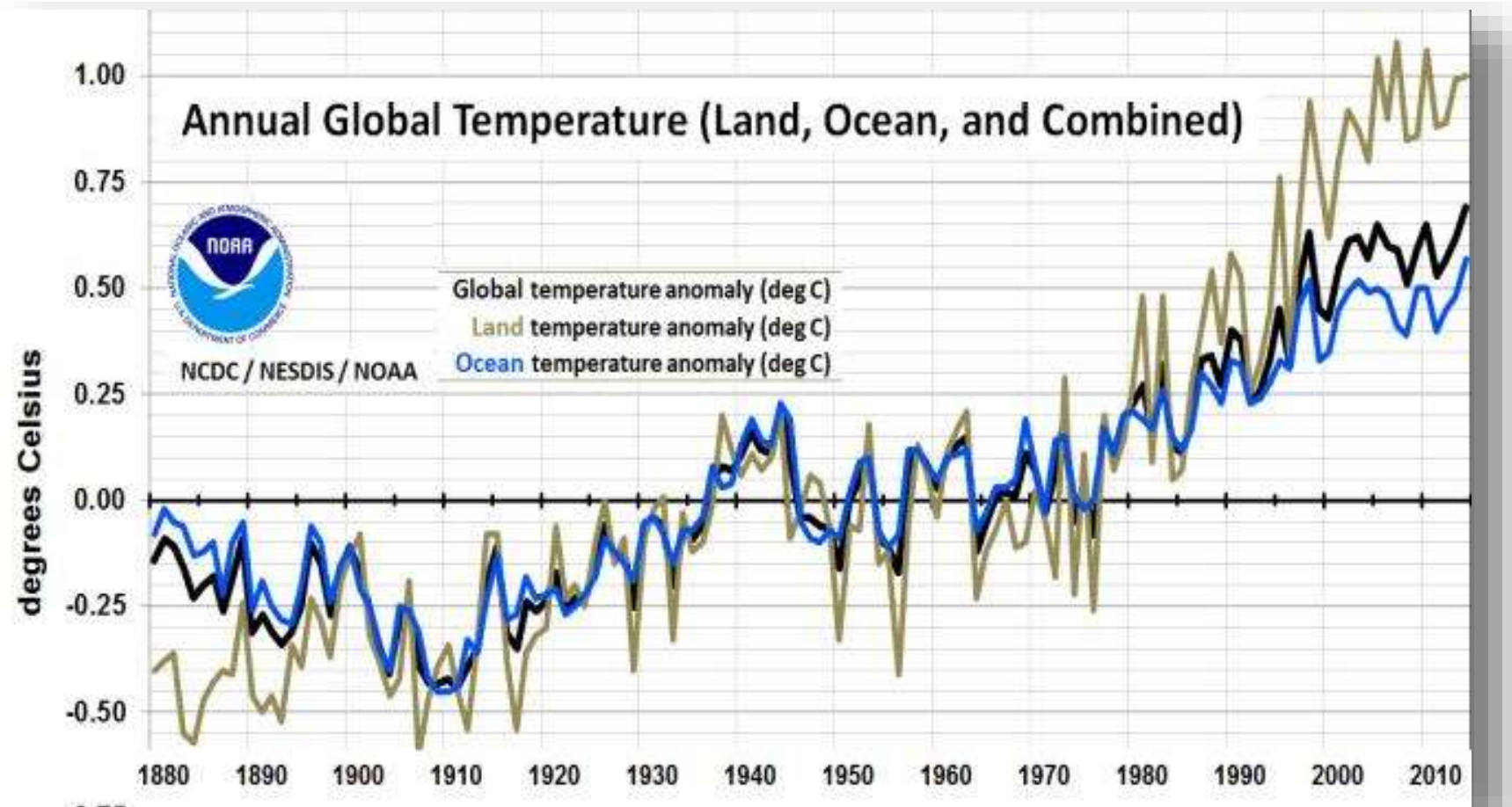
Henry Ford,
Model A



Elon Musk
Tesla Model S



Enterprising human beings have changed the world's climate and entrepreneurs must share some of the blame.





Why we are hopeful

- How can we as entrepreneurs stop this global environmental catastrophe?
- Who is best positioned to commercialise existing innovations and create new technologies?
- Entrepreneurs never waste a good crisis
- Entrepreneurs recognise opportunities where others see chaos or confusion.
- Entrepreneurs could well be the saviours of our planet.
- ‘Entrepreneurs who respond to the challenge will reap commercial success’



Various types of entrepreneurs

Business
entrepreneurs

Driven by a profit
motive – constantly
innovating for
market share

Social
entrepreneurs

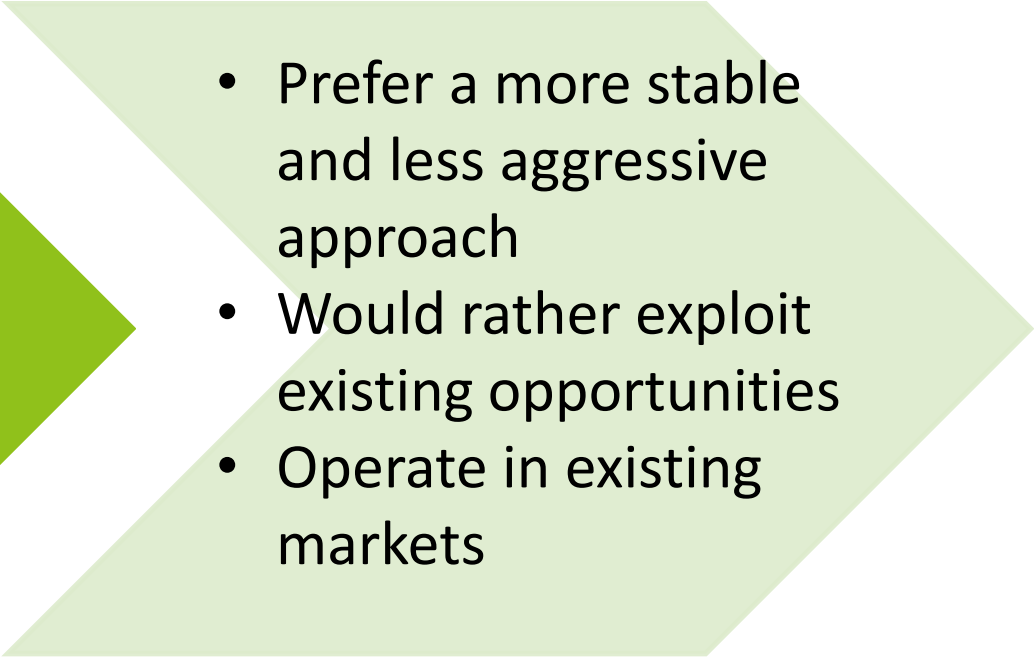
Driven by a mission
to fill gaps left by
the market and
public sector



Entrepreneurs different from small business owners



Small
business
owners

- 
- Prefer a more stable and less aggressive approach
 - Would rather exploit existing opportunities
 - Operate in existing markets



Entrepreneurs as Starship Enterprise

- ‘Boldly go where no [one] has gone before’.
- ‘Space... the final frontier’
- ‘To explore strange new worlds, to seek out new life and new civilizations’
- Enterprising is an ‘attitude of exploring, of developing, of leading and of taking initiatives’.





- What does the word ‘entrepreneur’ mean to you?
- In your language or culture, what is the word for entrepreneur?
- What is its “root meaning” in your language?
- Write it down on a sheet of paper for use later.



Derivation & Definition

- The word 'entrepreneur' is a French verb *entreprendre*, meaning 'to take in between', or 'to undertake' (someone who undertakes)
- Today it means a social or business innovator
 - who recognises and seizes opportunities;
 - converts those opportunities into workable/marketable ideas;
 - adds value through time, effort, money or skills;
 - assumes the risks of the competitive marketplace to implement these ideas; and
 - realises the rewards from these efforts.



In other languages and cultures

- *usahawan* (Malay) – someone who does a commercial activity at some financial risk.
- *pupagongan* (Thai) – ‘someone who assembles other people together’.
- Māori of New Zealand:
 - *ngira tuitui* – the ‘needle that binds things together’
 - *tinihanga* – the ‘tricks of Māui’ (a Polynesian demigod famous for his entrepreneurial spirit, heroism, altruism and brashness).
 - His innovative hook pulled New Zealand out of the ocean

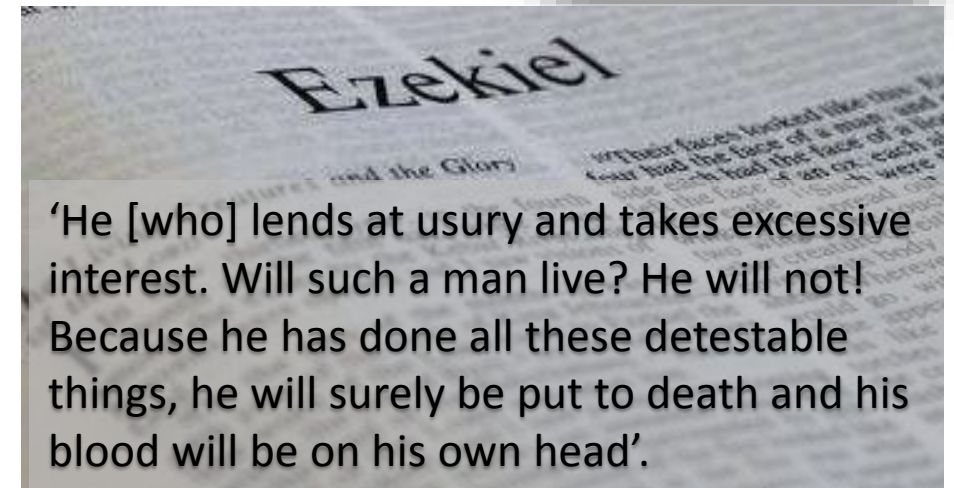


Māori demogods



Entrepreneurship through the ages

- Primitive hunter gatherers sought niche advantage in the wild market place.
- Ancient Assyrian had innovation and a corps of knowledge workers.
- Phoenician traders peacefully connected cultures through trade.
- Roman nobles let slave run their enterprises.
- The Bible forbade entrepreneurship ('usury')



Entrepreneurship through the ages



- Islam promoted entrepreneurship. The Prophet Mohammed was a trade agent.
- During the Dark Ages, wealth creation came through conquest; innovation was separate to wealth creation.
- With the industrial revolution came a strong link between entrepreneurial activity and wealth.
- Mark Twain's **Connecticut Yankee** entrepreneur transported magically back to King Arthur's court.



Contemporary definitions

- Rugged individualists cherish individual liberty and self-reliance
- Closely linked with free enterprise and capitalism.
- Definition has broadened beyond financial or business value to creating social value.
- Entrepreneurs are seen as innovators, non-conformist, pioneers on the frontier of business and enterprise.



Dolly Parton & Richard Branson
are classic entrepreneurs.



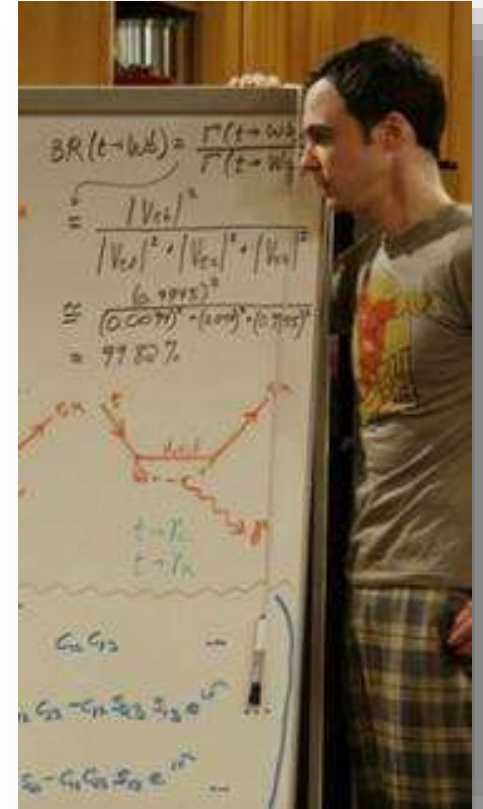
Contemporary definitions

- Essential ingredients:
 - Willingness to take calculated risks (time, equity, career)
 - Ability to formulate an effective venture team
 - Creative skill to marshal resources
 - Skill of building a solid business plan
 - Vision to recognise opportunity among chaos, contradiction and confusion
- Entrepreneurs considered heroes of free enterprise and social venturing.
- Many people now regard entrepreneurship as *pioneership*



Entrepreneurship theory

- A theory can predict future activity, or at least prescribe the right action in particular circumstances.
- A theory of entrepreneurship is defined as
 - a coherent formulation of relationships
 - or underlying principles that explain entrepreneurship.
- Entrepreneurship is interdisciplinary.
- Let's examine the 'schools of thought'



Theory: schools of thought



Macro schools of thought

Social
and cultural

Financial/
capital

Displacement

Ecological

- **Social and cultural**
 - focus on external factors and conditions shaping the entrepreneur.
- **Financial/capital**
 - focus on how to seek seed capital and growth funds.
- **Displacement**
 - Factors that prevent a person from doing other activities due to group membership
- **Ecological**
 - Focus on natural systems and constraints and includes 'green economics'



Micro schools of thought



Entrepreneurial trait

Venture opportunity

Strategic formulation

- Entrepreneurial trait
 - Traits common to successful entrepreneurs. Self-efficacy, proactive personality, tenacity, need for achievement and stress tolerance
- Venture opportunity
 - Right idea/right time/right market niche. The importance of preparation and awareness
- Strategic formulation
 - The importance of planning to successful enterprise. Leveraging unique, identifiable elements to form a venture

'Your' school of thought

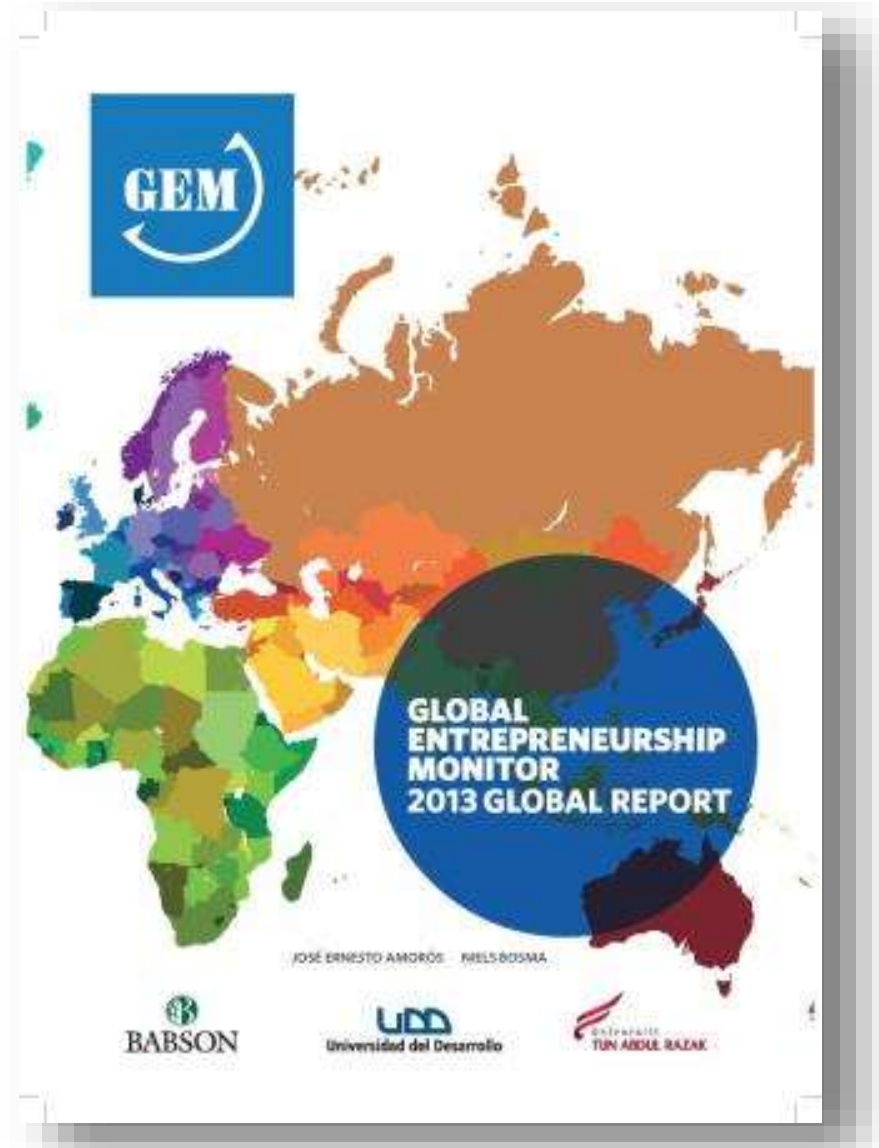


- Earlier you were asked to write down 'What does the word "entrepreneurship" mean to you?'
- Go back to what you wrote and identify which school(s) of thought is demonstrated in your response.



Our entrepreneurial economy

- Global Entrepreneurship Monitor (GEM) report is the world's benchmark.
- GEM's most famous measure is Total Early-stage Entrepreneurial Activity (TEA)
- Two kinds of entrepreneurship: necessity and opportunity
- More in Chapters 2 and 12.



Are all entrepreneurs gazelles?

gazelle A business establishment with at least 20 per cent sales growth every year (for five years), starting with a base of at least \$100 000.

- Myths about gazelles
 - All entrepreneurs should be gazelles.
 - Only gazelles get venture capital.
 - Gazelles were never mice.
 - Gazelles are high tech.
 - Gazelles are global.



Gen Y, Gen X and baby boomers

Meet the multigenerational workforce

Gen-Y



Born between late 1980s–early 2000s. Also called millennials.

Gen-X



Born between late 1960s–early 1980s.

Baby Boomers



Born between 1946–1964.

Do you consider yourself an entrepreneur?



32%
32% of Gen-Yers consider themselves entrepreneurs.



41%
41% of Gen-Xers consider themselves entrepreneurs.



45%
45% of Boomers consider themselves entrepreneurs.

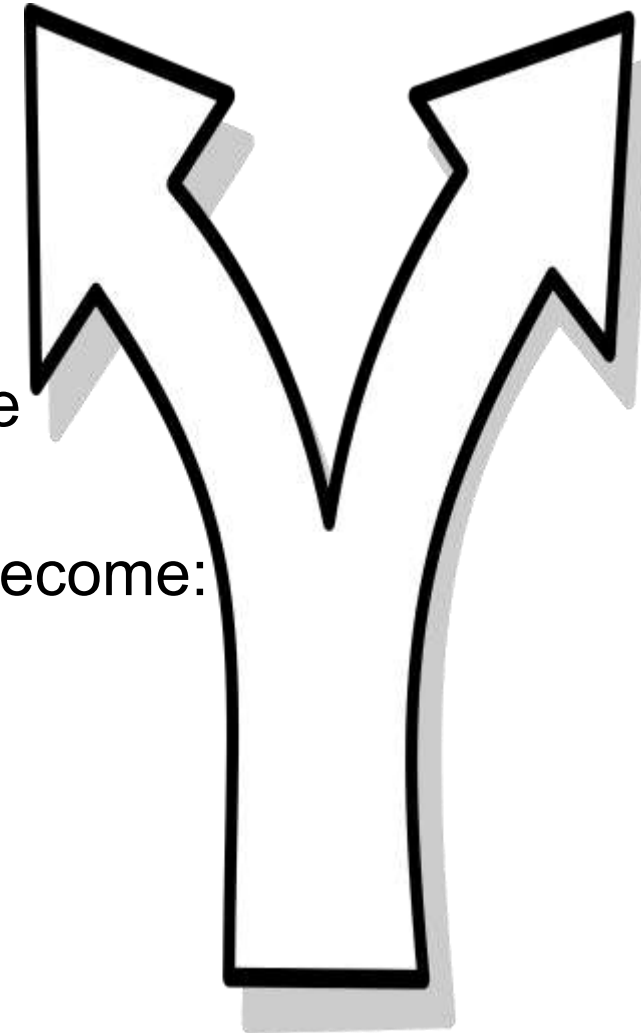
Generations of entrepreneurs

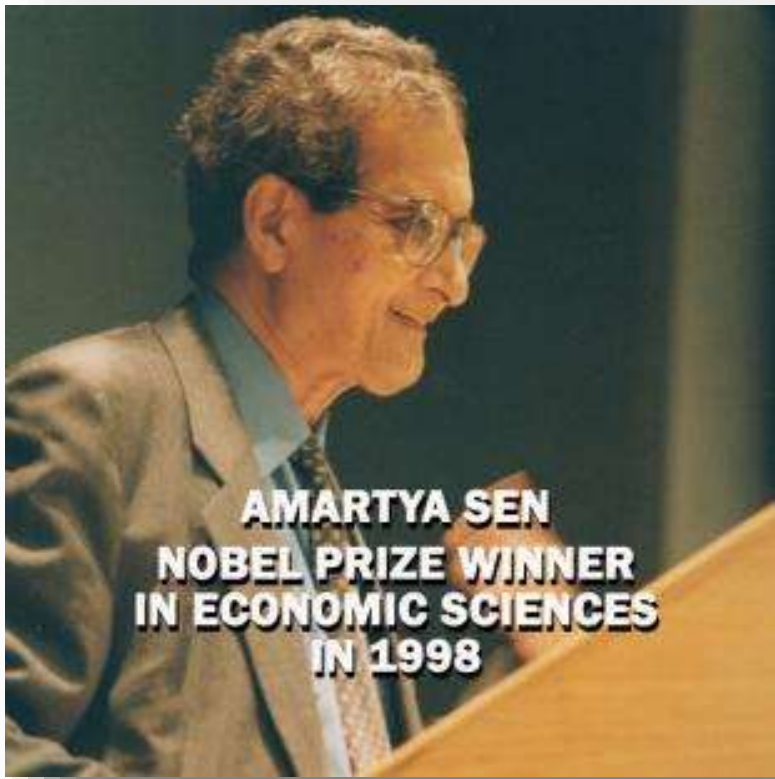
- Gen X and Baby Boomers more entrepreneurial than Gen Y.
- Gen Ys are also less risk averse
- Boomers have everything needed to make a business successful.
- Generation Z (1995-2009) never knew the pre-internet world.
- Generation Alpha (2010+). For them, smartphones have always existed.



Which pathways to freedom for you?

- This book is about finding your own personal pathway to entrepreneurship
- Entrepreneurs have the dream and will to found a private kingdom
- You are the 'proprietor of the rest of your life'. Will you become:
 - Corporate entrepreneur or family business person?
 - Bootstrapper or mini-entrepreneur?
 - An existing business or franchising?
 - Social venturing?
 - Lifestyle entrepreneur?
 - High-tech, high-growth self-maximising, pioneer entrepreneur?





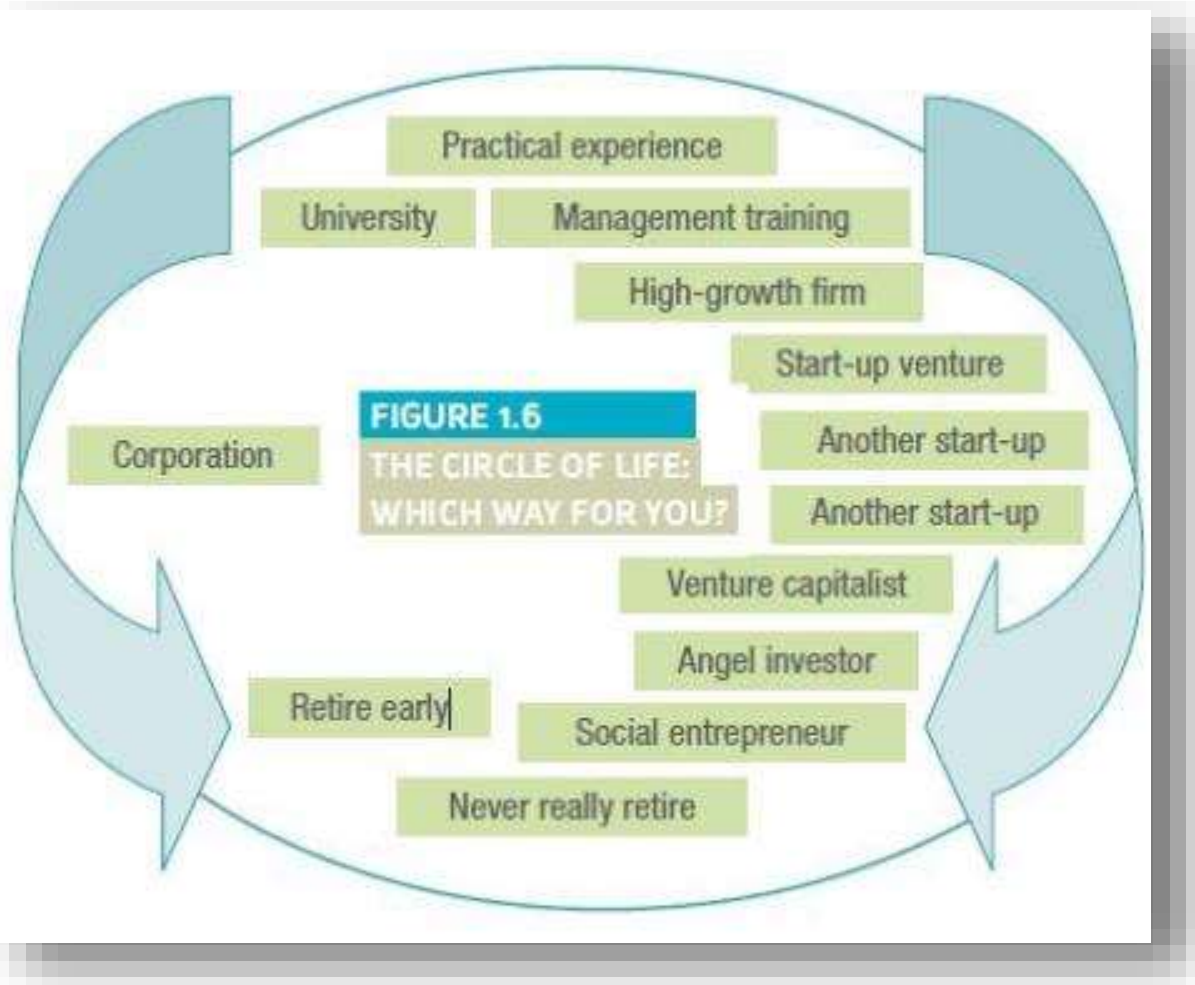
**Entrepreneurship
is a mode of self-
actualisation.**

Entrepreneurship as a pathway to freedom

- Economic activity is the objective and the primary means of enhancing human freedom
- ‘The usefulness of wealth lies in the things that it allows us to do – the substantive freedoms it helps us to achieve’.



The circle of life: Which pathway for you?

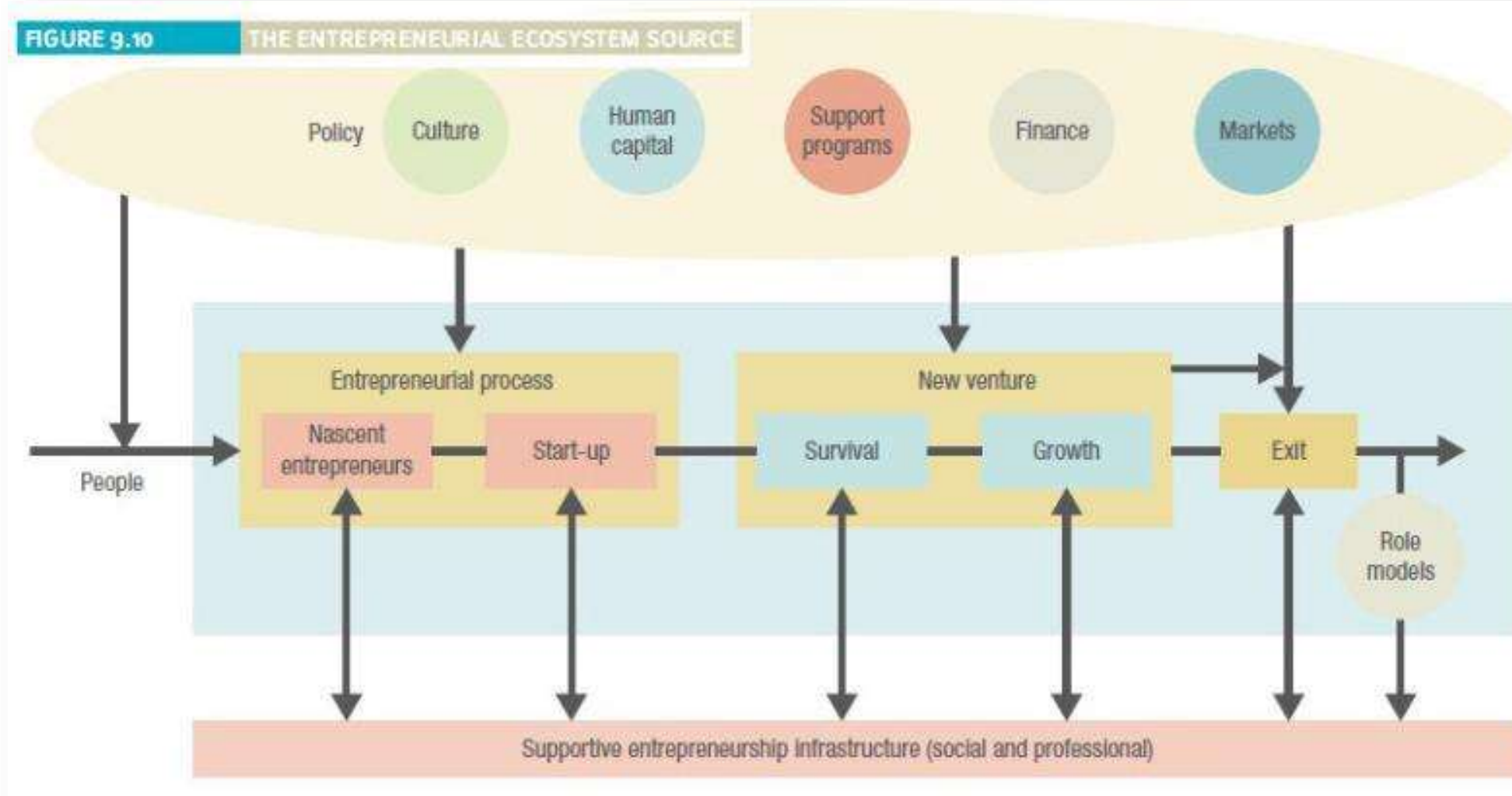


Modern professions that are self-employed

Farmers	73%
Writers and authors	67%
Photographers	60%
Fishers	57%
Multimedia Artists	57%
Artists	50%
Musicians and singers	36%
Jewellers	33%
Psychologists	33%
Interior designers	26%
Animal carers	25%
Fashion designers	25%
Optometrists	25%



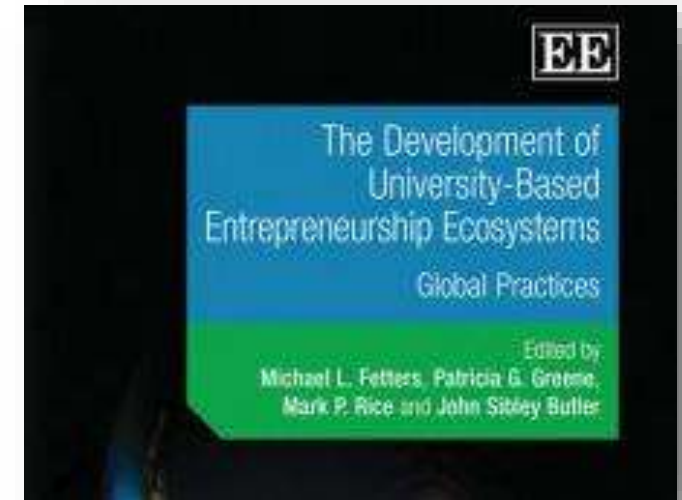
Entrepreneurial ecosystems



University-Based Entrepreneurship Ecosystems (U-BEE)

- Schools
- Private sector
- Family businesses
- Investors
- Banks
- Social leaders
- Research centres
- Military
- Labour
- Students
- Lawyers
- Cooperatives
- Councils
- Multinationals
- Foundations
- Aid agencies

university-based entrepreneurship ecosystem' (U-BEE) Refers to those elements within a university that help or hinder an individual's choice to become an entrepreneur, such as curriculum, incubator, research institute and business plan competitions.



Key concepts



(close your books)

1. Provide a short definition of the word 'entrepreneur'.
2. What will influence your likelihood of becoming an entrepreneur?



Key concepts

- An entrepreneur:
 - recognises and seizes opportunities and converts them into marketable ideas
 - adds value through time, effort, money and skills
 - assumes risks in a competitive marketplace.
- A range of perspectives (schools of thought)
- Choice to be an entrepreneur is influenced by culture, education and situation

