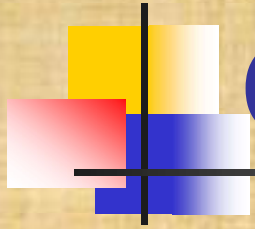




Entrepreneurship

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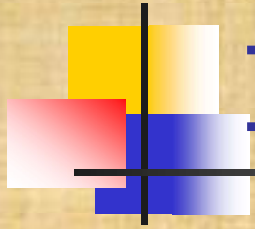
Overview

- What is an entrepreneur?
- Characteristics of an entrepreneur
- Planning to be an entrepreneur
- Growth pressures, managing a family business, and corporate intrapreneurship



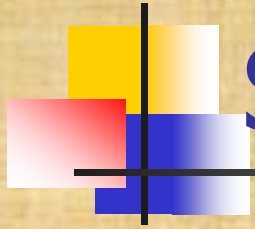
Entrepreneurs V. Intrapreneurs

- Entrepreneurs are people that notice opportunities and take the initiative to mobilize resources to make new goods and services.
- Intrapreneurs also notice opportunities and take initiative to mobilize resources, however they work in large companies and contribute to the innovation of the firm.
- Intrapreneurs often become entrepreneurs.



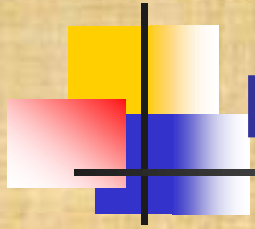
Intrapreneurship

- Learning organizations encourage intrapreneurship.
- Organizations want to form:
 - Product Champions: people who take ownership of a product from concept to market.
 - Skunkworks: a group of intrapreneurs kept separate from the rest of the organization.
 - New Venture Division: allows a division to act as its own smaller company.
 - Rewards for Innovation: link innovation by workers to valued rewards.



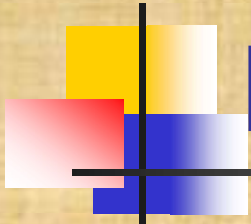
Small Business Owners

- Small business owners are people who own a major equity stake in a company with fewer than 500 employees.
- In 1997 there were 22.56 million small business in the United States.
- 47% of people are employed by a small business.



Employee Satisfaction

- In companies with less than 50 employees, 44% were satisfied.
- In companies with 50-999 employees, 31% are satisfied.
- Business with more than 1000, only 28% are satisfied.



Employee Satisfaction



Advantages of a Small Business

- Greater Opportunity to get rich through stock options
- Feel more important
- Feel more secure
- Comfort Level

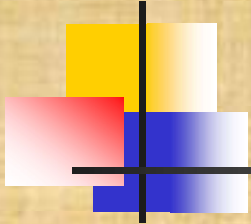




Disadvantages of a Small Business

- Lower guaranteed pay
- Fewer benefits
- Expected to have many skills
- Too much cohesion
- Hard to move to a big company
- Large fluctuations in income possible

Who are entrepreneurs?



■ Common traits

- Original thinkers
- Risk takers
- Take responsibility for own actions
- Feel competent and capable
- Set high goals and enjoy working toward them

■ Common traits

- Self employed parents
- Firstborns
- Between 30-50 years old
- Well educated – 80% have college degree and 1/3 have a graduate level degree



Successful and Unsuccessful Entrepreneurs

■ Successful

- Creative and Innovative
- Position themselves in shifting or new markets
- Create new products
- Create new processes
- Create new delivery

■ Unsuccessful

- Poor Managers
- Low work ethic
- Inefficient
- Failure to plan and prepare
- Poor money managers

Characteristics of Entrepreneurs



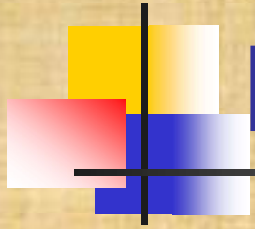
Key Personal Attributes

Strong Managerial Competencies

Good Technical Skills



Successful Entrepreneurs



Key Personal Attributes

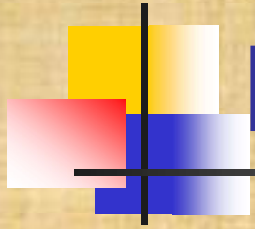
- **Entrepreneurs are Made, Not Born!**
 - Many of these key attributes are developed early in life, with the family environment playing an important role
 - Entrepreneurs tend to have had self employed parents who tend to support and encourage independence, achievement, and responsibility
 - Firstborns tend to have more entrepreneurial attributes because they receive more attention, have to forge their own way, thus creating higher self-confidence



Key Personal Attributes (cont.)

■ Entrepreneurial Careers

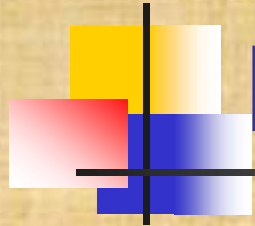
- The idea that entrepreneurial success leads to more entrepreneurial activity may explain why many entrepreneurs start multiple companies over the course of their career
- Corridor Principle- Using one business to start or acquire others and then repeating the process
- Serial Entrepreneurs- A person who founds and operates multiple companies during one career



Key Personal Attributes (cont.)

- Need for Achievement

- A person's desire either for excellence or to succeed in competitive situations
- High achievers take responsibility for attaining their goals, set moderately difficult goals, and want immediate feedback on their performance
- Success is measured in terms of what those efforts have accomplished
- McClelland's research



Key Personal Attributes (cont.)

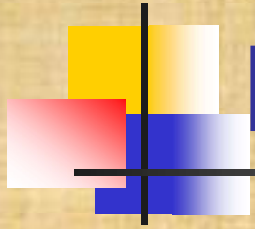
- Desire for Independence
 - Entrepreneurs often seek independence from others
 - As a result, they generally aren't motivated to perform well in large, bureaucratic organizations
 - Entrepreneurs have internal drive, are confident in their own abilities, and possess a great deal of self-respect



Key Personal Attributes (cont.)

■ Self-Confidence

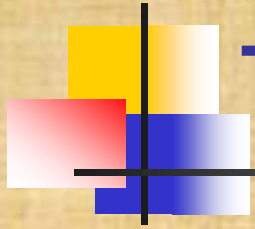
- Because of the high risks involved in running an entrepreneurial organization, having an “upbeat” and self-confident attitude is essential
- A successful track record leads to improved self-confidence and self-esteem
- Self-confidence enables that person to be optimistic in representing the firm to employees and customers alike



Key Personal Attributes (cont.)

- Self-Sacrifice

- Essential
- Nothing worth having is free
- Success has a high price, and entrepreneurs have to be willing to sacrifice certain things



Technical Proficiency

- Many entrepreneurs demonstrate strong technical skills, typically bringing some related experience to their business ventures
- For example, successful car dealers usually have lots of technical knowledge about selling and servicing automobiles before opening their dealerships
- Especially important in the computer industry
- NOT ALWAYS NECESSARY



Planning

- Business Plan – A step-by-step outline of how an entrepreneur or the owner of an enterprise expects to turn ideas into reality.