

# Entrepreneur development

# Who is entrepreneur

- An entrepreneur is a person who supplies risk capital as a risk taker, and monitors and controls the business activities. The entrepreneur is usually a sole proprietor, a partner, or the one who owns the majority of shares in an incorporated venture.
- Someone who exercises initiative by organizing a venture to take benefit of an opportunity and, as the decision maker, decides what, how, and how much of a good or service will be produced.

# Characteristics of Entrepreneurs

Key Personal  
Attributes

Strong Managerial  
Competencies

Good Technical Skills



Successful  
Entrepreneurs



# Distinction between Entrepreneur and Intrapreneur

Basis	Entrepreneur	Intrapreneur
<ul style="list-style-type: none"> <li>• Capacity</li> <li>• Status</li> <li>• Decisions</li> <li>• Reward</li> </ul>	<ul style="list-style-type: none"> <li>— Owner</li> <li>— Own boss</li> <li>— Takes own decisions</li> <li>— Uncertain and unlimited</li> </ul>	<ul style="list-style-type: none"> <li>— An manager</li> <li>— Salaried employee</li> <li>— Executes decisions with the concurrence of owner</li> <li>— Fixed rewards and salary</li> </ul>

# 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.)

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



# 1. Lifestyle Venture

- Small company that provides its owner independence, autonomy, and control.
- Is often run out of household
- Provides flexibility (hours, meeting places, attire)
- Aligns your personal interests and hobbies with your desire to make a profit.

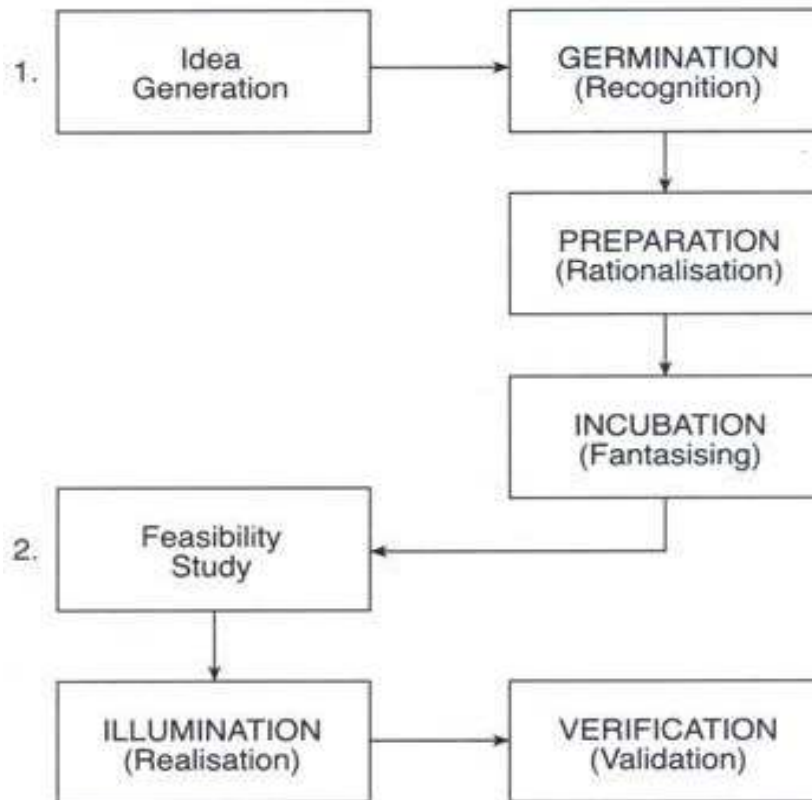
## 2. Smaller Profit Venture

- Small company not concentrated on pushing the envelope and growing inordinately large.
- Making millions of dollars not important.
- Content with making a decent living.
- Ex. Mom and Pop Stores

# 3. High Growth Ventures

- Goal is maximum profit and growth.
- Concentrated on pushing envelope and growing as large as possible.
- Focus on innovation

# Entrepreneurial Process:



- To establish and run an enterprise it is divided into three parts – the entrepreneurial job, the promotion, and the operation.
- Entrepreneurial job is restricted to two steps, i.e., generation of an idea and preparation of feasibility report.

# Importance of Entrepreneurship:

## **1. Development of managerial capabilities:**

The biggest significance of entrepreneurship lies in the fact that it helps in identifying and developing managerial capabilities of entrepreneurs. An entrepreneur studies a problem, identifies its alternatives, compares the alternatives in terms of cost and benefits implications, and finally chooses the best alternative.

## **2. Creation of organisations:**

- Entrepreneurship results into creation of organisations when entrepreneurs assemble and coordinate physical, human and financial resources and direct them towards achievement of objectives through managerial skills.

### **3. Improving standards of living:**

- By creating productive organisations, entrepreneurship helps in making a wide variety of goods and services available to the society which results into higher standards of living for the people.
- **4. Means of economic development:**
- Entrepreneurship involves creation and use of innovative ideas, maximisation of output from given resources, development of managerial skills, etc., and all these factors are so essential for the economic development of a country.

# Types of Entrepreneurs:

## 1. Innovative entrepreneurs

- These entrepreneurs have the ability to think newer, better and more economical ideas of business organisation and management. They are the business leaders and contributors to the economic development of a country.
- Inventions like the introduction of a small car 'Nano' by Ratan Tata, organised retailing by Kishore Biyani, making mobile phones available to the common man by Anil Ambani are the works of innovative entrepreneurs.

## **2. Imitating entrepreneurs:**

- These entrepreneurs are people who follow the path shown by innovative entrepreneurs. They imitate innovative entrepreneurs because the environment in which they operate is such that it does not permit them to have creative and innovative ideas on their own.
- Such entrepreneurs are found in countries and situations marked with weak industrial and institutional base which creates difficulties in initiating innovative ideas.



### **3. Fabian entrepreneurs:**

- The dictionary meaning of the term 'fabian' is 'a person seeking victory by delay rather than by a decisive battle'. Fabian entrepreneurs are those individuals who do not show initiative in visualising and implementing new ideas and innovations wait for some development which would motivate them to initiate unless there is an imminent threat to their very existence.

### **4. Drone entrepreneurs:**

- The dictionary meaning of the term 'drone' is 'a person who lives on the labor of others'. Drone entrepreneurs are those individuals who are satisfied with the existing mode and speed of business activity and show no inclination in gaining market leadership. In other words, drone entrepreneurs are die-hard conservatives and even ready to suffer the loss of business.

## **5. Social Entrepreneur:**

- Social entrepreneurs drive social innovation and transformation in various fields including education, health, human rights, workers' rights, environment and enterprise development.
- They undertake poverty alleviation objectives with the zeal of an entrepreneur, business practices and dare to overcome traditional practices and to innovate. Dr Mohammed Yunus of Bangladesh who started Grameen Bank is a case of social entrepreneur.