

Entrepreneurship and business establishment

Lesson 1: The entrepreneur

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Learning outcomes:

- be able to understand what **entrepreneurship** is
- Identify the entrepreneur's main **competencies and skills** and why are they important
- Be able to define **creativity** and why is it important in the business context
- Define what **new ideas feasibility** means
- Be able to identify **social entrepreneurs'** main traits

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and skills**

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References:

Barringer, B. & Ireland, R. (2015), Entrepreneurship. Successfully launching new ventures, 5th Edition, Pearson, NY.

Mariotti, S. & Glackin, C. (2016): Entrepreneurship. Starting and Operating a Small Business, 4th Edition, Pearson, NY.

Hisrich, R.D. et. al. (2019), Entrepreneurship, 11th Edition, Mc Graw Hill

1.1 Entrepreneurship

□ Traditional definition: It is the process of starting new businesses, generally in response to opportunities

□ Does such definition fit the current reality?

- Yes or not
- Why?

1.1 Entrepreneurship

- Accidental entrepreneurs
- Corporate refugees
- Social entrepreneurs
- Green entrepreneurs

1.1 Entrepreneurship

Innovative practices?

Entrepreneurial
venture



Small business

In EU < 250 employees
In US < 500 employees

1.1 Entrepreneurship

Innovative practices?

Schumpeter's definition describes five basic ways that entrepreneurs find opportunities to create new businesses:

1. Using a new technology to produce a new product
2. Using an existing technology to produce a new product
3. Using an existing technology to produce an old product in a new way
4. Finding a new supply of resources (that might enable the entrepreneur to produce a product more economically)
5. Developing a new market for an existing product

1.1 Entrepreneurship

Type of entrepreneurial ventures

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

Source: Barringer & Ireland (2015)

1.1 Entrepreneurship

Social
Entrepreneurship

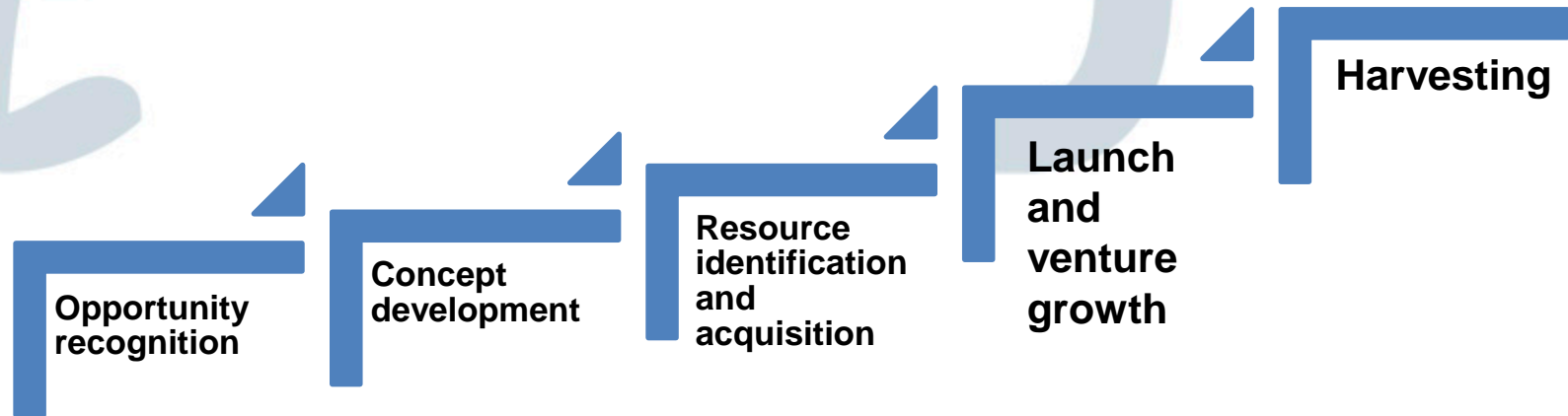
Green
Entrepreneurship

Corporate
Entrepreneurship

Sustainable
Entrepreneurship

1.1 Entrepreneurship

Entrepreneurial process (Stages)



1.2 Entrepreneur's basic competencies and skills

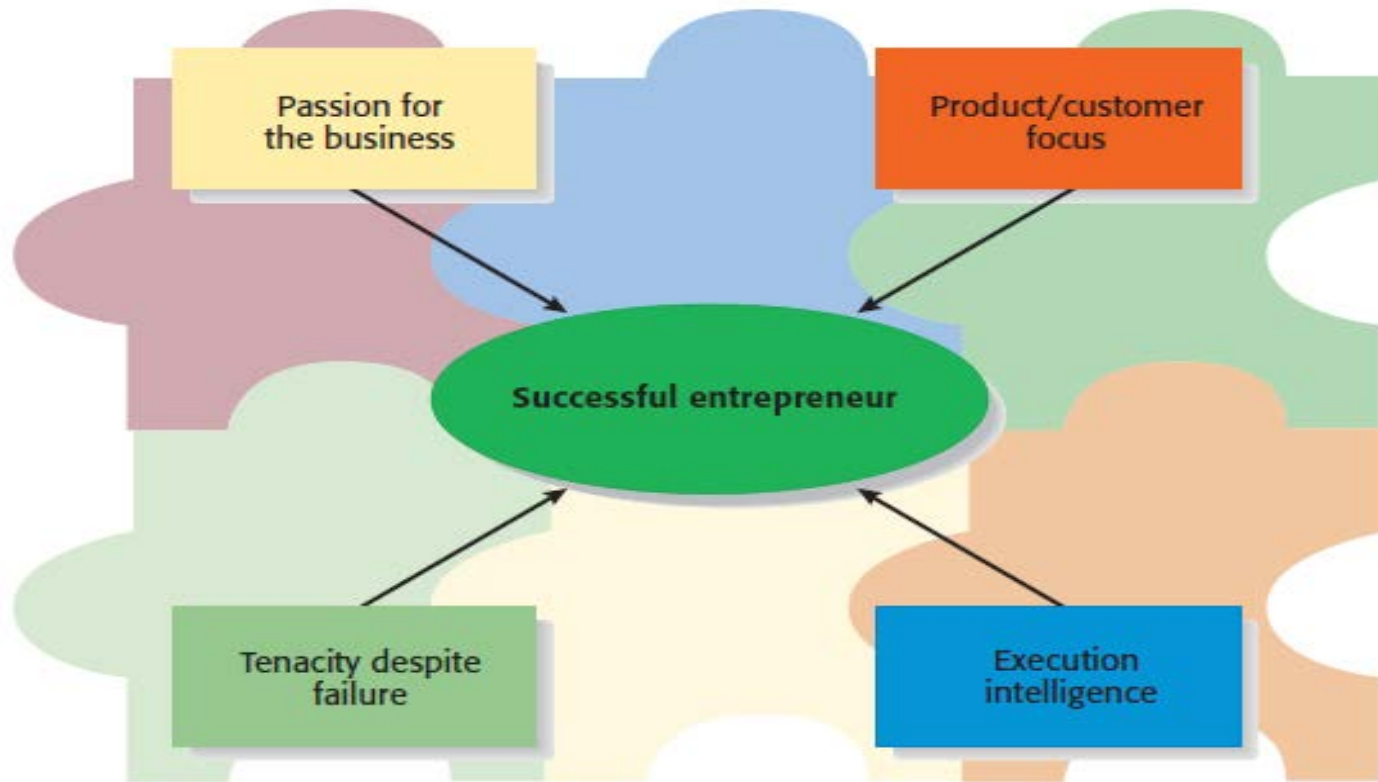
Think of someone you know (personally
or not) who is an entrepreneur

How would you describe her / him?

1.2 Entrepreneur's basic competencies and skills

Entrepreneurs' common traits	Successful entrepreneurs' common traits	Summarizing
<ul style="list-style-type: none"> <input type="checkbox"/> High level of motivation <input type="checkbox"/> Self-confidence <input type="checkbox"/> Ability to be involved for the L/T <input type="checkbox"/> High energy level <input type="checkbox"/> Persistent <input type="checkbox"/> Initiative <input type="checkbox"/> Ability to set goals <input type="checkbox"/> Moderate risk-taker 	<ul style="list-style-type: none"> <input type="checkbox"/> High energy level <input type="checkbox"/> Persistent <input type="checkbox"/> Resourcefulness <input type="checkbox"/> Desire and ability to be self-directed <input type="checkbox"/> Relatively high need for autonomy 	<p>P p r e o r a s c o t n i a v l e i t y</p>

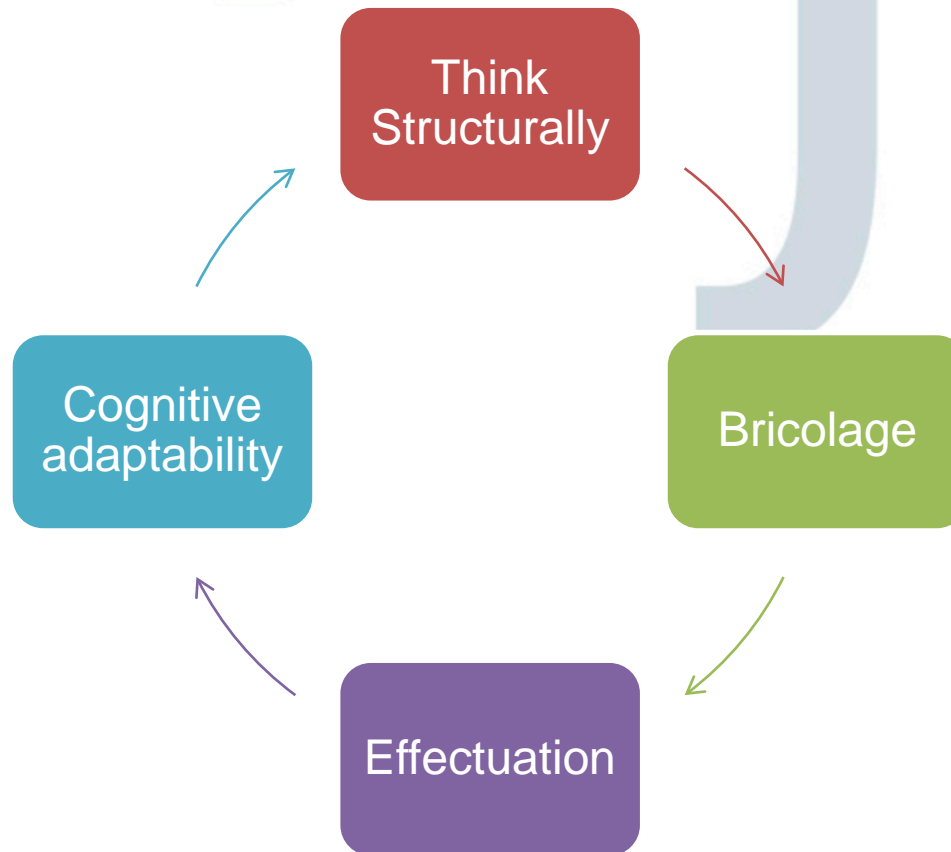
1.2 Entrepreneur's basic competencies and skills



Source: Barringer & Ireland (2015)

1.2 Entrepreneur's basic competencies and skills

Entrepreneurial thinking



1.3 Creativity and new ideas feasibility

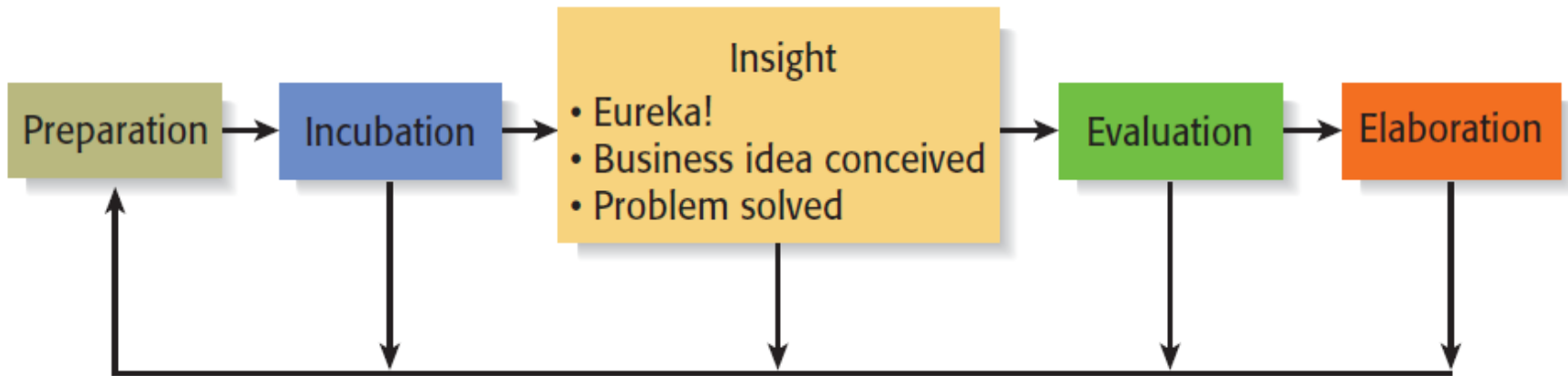
- What is creativity?
- How new ideas are created?
- What's the difference between a new idea and a business opportunity?

1.3 Creativity and new ideas feasibility

□ Creativity:

- Creativity is the process of generating a novel or useful idea.
- Opportunity recognition may be, at least in part, a creative process.
- For an individual, the creative process can be broken down into five stages, as shown on the next slide.

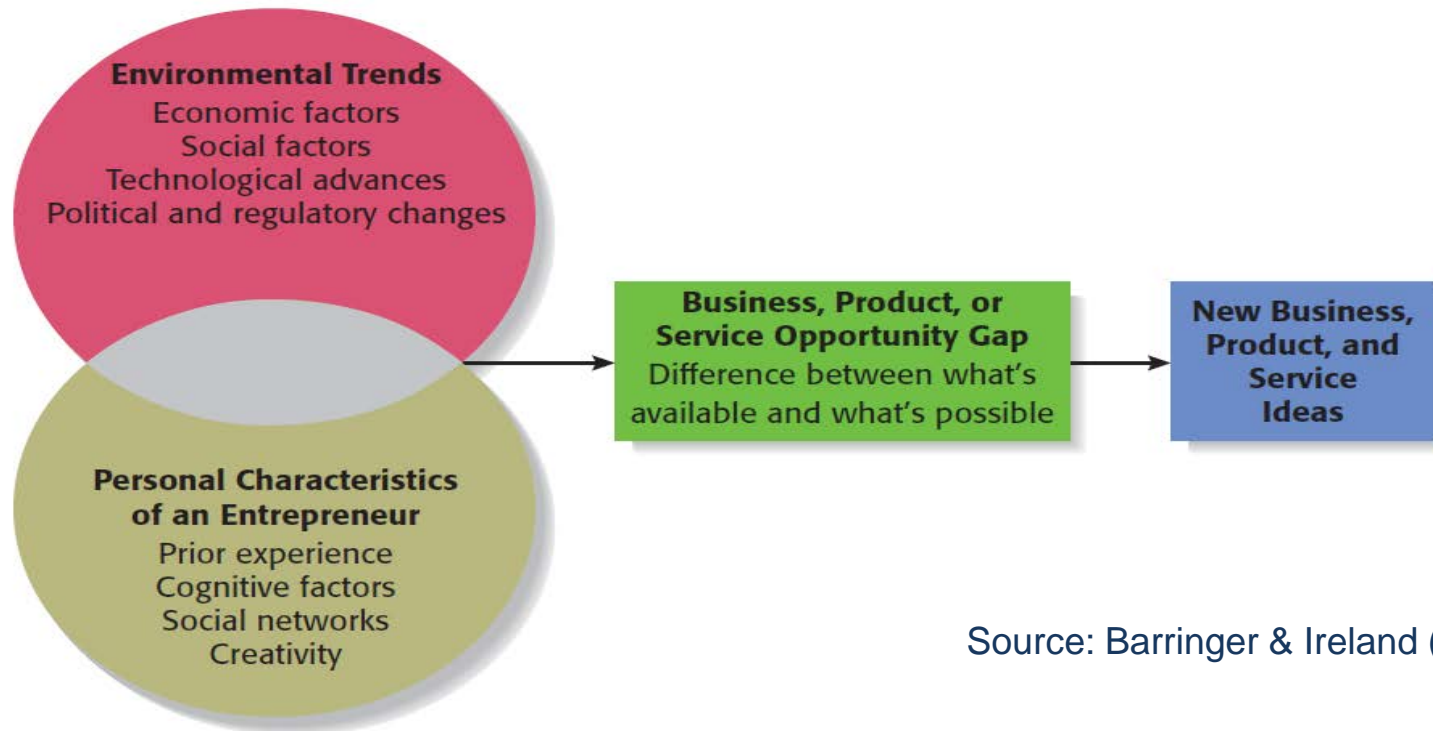
1.3 Creativity and new ideas feasibility



Source: Barringer & Ireland (2015)

1.3 Creativity and new ideas feasibility

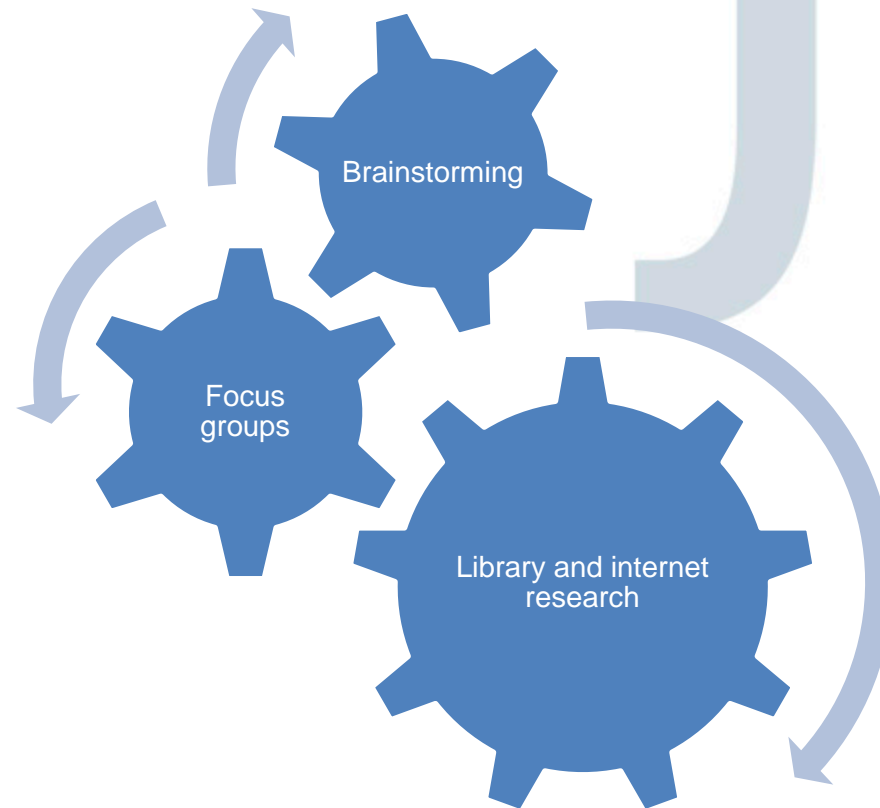
Links among creativity, opportunity recognition and new ideas



Source: Barringer & Ireland (2015)

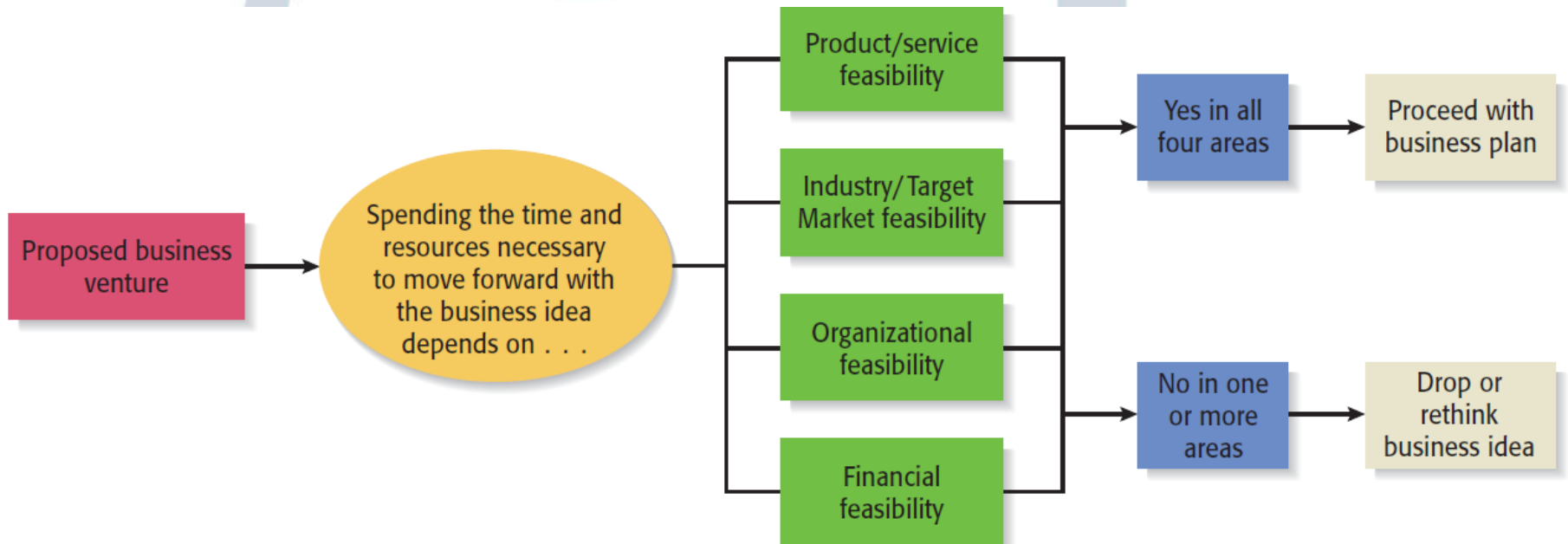
1.3 Creativity and new ideas feasibility

Techniques for Generating Ideas:



1.3 Creativity and new ideas feasibility

Feasibility analysis



Source: Barringer & Ireland (2015)

1.3 Creativity and new ideas feasibility

TABLE 3.1 FEASIBILITY ANALYSIS

Part 1: Product/Service Feasibility

- A. Product/service desirability
- B. Product/service demand

Part 2: Industry/Target Market Feasibility

- A. Industry attractiveness
- B. Target market attractiveness

Part 3: Organizational Feasibility

- A. Management prowess
- B. Resource sufficiency

Part 4: Financial Feasibility

- A. Total start-up cash needed
- B. Financial performance of similar businesses
- C. Overall financial attractiveness of the proposed venture

Overall Assessment

1.4 Social Entrepreneurs

- ▶ ***SE addresses social problems or needs not met by private markets or government***

◇ Innovative solutions, unmet needs, private action

- ▶ ***SE is motivated primarily by social benefit***

◇ Social mission + entrepreneurial behavior

- ▶ ***SE generally works with market forces***

◇ Combining social purpose with financial sustainability

