

Entrepreneurship Development

(UNIT – I)

Introduction

The word entrepreneur is derived from the French verb **entreprendre**, means ‘to undertake’ which refers to those who undertake the risk of new enterprises/business.

An enterprise is created by an entrepreneur.

The process of creation is called entrepreneurship

Entrepreneurship is a process of actions of an entrepreneur who is a person always in search of something new and exploits such ideas into gainful opportunities by accepting the risk and uncertainty with the enterprise.

Qualities of a successful entrepreneur

- **Disciplined** - focused on making their businesses work, and eliminate any distractions to their goals
- **Confidence**- confident with the knowledge that they will make their businesses succeed
- **Open Minded**-accept ideas/suggestion from the customer/technical team or any stockholder
- **Self Starter**- if something needs to be done, they should start it themselves
- **Competitive** – compete with courage in the market among others
- **Creativity**- come up with solutions which are the synthesis of other items
- **Strong people skills** - Strong communication skill, motivate their employees
- **Determination and Passion**: one should look at defeat as an opportunity for success

Objectives of Entrepreneurship

- Develop Entrepreneurial quality
- Setup /Analyze an environment for small industry/business
- Job creation
- Developing customer focused strategies

- Understand the process and procedure in small enterprise
- Know source of support available
- Acquire managerial skills to run business or company
- Risk assessment and management
- Remove unemployment
- Contribute for regional development

Entrepreneurship and Enterprise

Enterprise refers to an organization or a company that is established with the aim of generating profit through the production, sale, or trade of goods and services. Enterprises can be small, medium or large in size.

On the other hand, **Entrepreneurship** refers to the process of creating, developing, and managing a new business venture with the aim of making a profit. Entrepreneurs are individuals who are willing to take risks, innovate, and develop new solutions to problems in the market.

Enterprise	Entrepreneurship
Enterprise has a more stable financial foundation	Entrepreneurs typically take on greater risk than enterprise owners
Enterprises tend to be larger	It may start with just a few employees and gradually grow
It focus more on optimizing existing processes and systems.	Entrepreneurs are often driven by a desire to innovate and create something new
It may have more predictable growth patterns	It may experience more rapid growth/failure

Phases of Entrepreneurship Development

The **entrepreneurial process** refers to the steps an individual takes to start and manage a new business.



Discovery: An entrepreneurial process begins with the idea generation, wherein the entrepreneur identifies and evaluates the business opportunities. An entrepreneur seeks inputs from all the persons including employees, consumers, channel partners, technical people, etc. to reach to an optimum business opportunity. Once the opportunity has been decided upon, the next step is to evaluate it.

Concept Development: an entrepreneur needs to create a comprehensive business plan which must dedicate his sufficient time towards its creation, the major components of a business plan are mission and vision statement, goals and objectives, capital requirement, a description of products and services, etc

Resourcing: An entrepreneur identifies the sources from where the finance and the human resource can be arranged. Here, the entrepreneur finds the investors for its new venture and the personnel to carry out the business activities.

Actualization: After funds are raised and the employees are hired, the next step is to initiate the business operations to achieve the set goals. An entrepreneur must decide the management structure or the hierarchy that is required to solve the operational problems when they arise

Harvesting: An entrepreneur decides on the future prospects of the business, ie its growth and development. Here, the actual growth is compared against the planned growth and then the decision regarding the stability or the expansion of business operations is undertaken accordingly, by an entrepreneur

Role of Entrepreneurship

Entrepreneurship drives the growth and diversification of the economy and contributes to the creation of wealth.

Initiating and leading business activities - As society progress, people develop new needs and entrepreneur can satisfy those needs with their business ideas

Forecasting business changes- An entrepreneur's role in this aspect is to anticipate any challenges and address them as quickly as possible, so they can make decisions such as reducing or increasing stock for a product, procuring

Creating new jobs: When an entrepreneur sets up or expands a business, they decide which employees they need to hire.

Creating and sharing wealth- Starting a business involves a network of activities. Whether an entrepreneur runs a small business operator or an established company, many spend money from savings and gain capital from family, friends or banks when they start out.

Improving standard of living- Innovations that can reduce the cost of creating a product also reduces the product's price while allowing the business to maintain the same profits, which allows customers' to spend less money.

Building strategic collaboration - An entrepreneur must create a business environment where partnerships can thrive

Helps community Development- By creating new businesses, entrepreneurs contribute to the economic vitality of their communities.

Encourages Capital Investment - By creating new businesses, entrepreneurs attract investment from both local and foreign sources.

Traits of Entrepreneurship

An entrepreneur is an innovative individual who seeks to use their knowledge in a particular skill set or industry to create a business venture. There are few traits /qualities, an entrepreneur is expected to possess

Strong communication skills and leadership qualities - A leader has strong communication skills and the ability to lead a team of people toward a common goal

Highly self-motivated - Typically, leaders enjoy challenges and will work tirelessly to solve problems that confront them. They adapt well to changing situations without unraveling and are typically expert of helping their teams change with them by motivating them toward new goals and opportunities

Understand strong value of network - A strong network of contacts, business partners, financial partners, peers and resources are required to succeed. Effective people nurture these relationships and surround themselves with people

Willingness to fail - Successful entrepreneurs are risk takers and not afraid of failure. A successful entrepreneur will calculate and be able to make the best decisions in even the worst of cases

Serial innovators- Entrepreneurs develop new ideas and improve on existing processes. They rely on improving products, services and processes in order to win business.

Open-minded- it is willing to accept or learn about new ideas and opportunities

Team oriented- Entrepreneurs might start as sole-proprietors, but with the right business tactics, they could soon have several employees working under them

The Entrepreneurial Mindset

An entrepreneurial mindset is a set of skills that relies very heavily on positive and resilient thinking. This mindset can benefit anyone, whether you're working at an entry-level role, are mid-career at a large corporation, or striking out on your own.

Positive Mental Attitude - A positive attitude and outlook is a must for successful entrepreneurs, because, the mindset of the head of the company sets the tone for the rest of the company and influences corporate culture. Psychological research has made a correlation between higher productivity and positive work environments.

A creative mindset - Creativity is the mother of invention is true for world of entrepreneurship. The mind of an entrepreneur is always looking for novel ideas and innovations

Effective communication ability – it can help you negotiate with vendor or customer, close a sale, or score a lower price on your inventory, motivate the team members and make resilience during critical time

Ability to Learn from Failure- The key to learning from failure is to actually learn and embrace your mistakes so they make you better, not break you. Share your experiences with others you trust, whether it's your mentor, colleagues, or staff—to gain some outside perspective and don't give up.

Intrinsic Motivation and Drive -Broadly speaking, those who own their own businesses are incredibly motivated to succeed. Successful entrepreneurs know that staying motivated is the key to running a successful company

one must be creative, communicative, and highly motivated to succeed, yet open to risk and failure

Characteristics of Entrepreneurship

Great entrepreneurs come from all walks of life. There are few characteristics that are essential for successful entrepreneur

Vision – Every venture starts with desired direction of the business

Innovation - Innovation drives entrepreneurship, and bold new ideas propel successful startups

Discipline- When running a new venture, you sometimes get tired or run low on self-motivation. Entrepreneurs need the discipline to move forward and do the work

Adaptability - entrepreneurs adjust to change with a positive attitude for different scenarios

Leadership - Leadership is the ability to influence and guide others, whether a small team or a large company. Good leaders share their vision, develop well-rounded teams that complement their abilities, and have confidence in themselves

Decisiveness- entrepreneur has to make difficult decisions and stand by them. As a leader, they're responsible for guiding the trajectory of their business, including every aspect from funding and strategy to resource allocation

Risk Tolerance- Successful entrepreneurs are comfortable with encountering some level of risk to reap the rewards of their efforts

Creativity - Creative entrepreneurs find inspiration or use their imaginations to solve problems often with limited resources.

Curiosity - An entrepreneur's curiosity allows them to continuously learn and discover new opportunities

Passion - successful entrepreneurs start their own business from a passion includes unique idea, or a drive to make change, passion drives entrepreneurship.

Motivation- Motivation is critical for new entrepreneurs, as it drives you forward through the ups and downs of your business.

Types of Entrepreneurs

On the Basis of Type of Business

- **Business Entrepreneur:** An individual who discovers an idea to start a business and builds a business to give birth to his idea.
- **Trading Entrepreneur:** He is an entrepreneur who undertakes buying and selling manufactured goods.
- **Industrial Entrepreneur:** He is an entrepreneur who manufacturing products or items
- **Corporate Entrepreneur:** He is a person who demonstrates his innovative skill in organizing and managing a corporate undertaking.
- **Agricultural Entrepreneur:** They are entrepreneurs who undertake agricultural activities such as rising and marketing of crops, fertilizers and other impute of agriculture

On the Basis of Type of Technology

- **Technical Entrepreneur:** They develop new and improved quality goods because of their craftsmanship. They concentrate more on production than on marketing.
 - **Non-Technical Entrepreneur:** They develop marketing techniques and distribution strategies to promote their business. Thus they concentrate more on marketing aspects.
- Professional Entrepreneur:** He is an entrepreneur who starts a business unit but does not carry on the business for long period.

On the Basis of stages of development

- **Classical Entrepreneur:** A person who develops a self supporting venture for the satisfaction of customers' needs. He is a stereo type or traditional entrepreneur
- **First Generation Entrepreneur:** A person who starts an industrial unit by means of his own innovative ideas and skills. He is essentially an innovator.
- **Modern Entrepreneur:** He is an entrepreneur who undertakes those ventures which suit the modern marketing needs.

On the Basis of gender

- **Men Entrepreneur:** A male person who starts any business or enterprise
- **Women Entrepreneur:** A woman who starts any business or enterprise

On the Basis of Enterprise Size

- **Small Scale-** it refers starting business/company in small level or with minimum investment
- **Medium Scale** – it refers the enterprise level is medium and working towards large scale
- **Large Scale** – Running Enterprise /business in very large level

On the Basis of Clarence Danhof

- **Innovative Entrepreneurs** - An innovative entrepreneur, introduces new goods, inaugurates new methods of production, discovers new markets and reorganizes the enterprise
- **Drone Entrepreneurs:** Drone entrepreneurs are those who refuse to adopt and use opportunities to make changes in production. They follow the traditional method of production. They may even suffer losses but they are not ready to make changes in their existing production methods

- **Social Entrepreneurs:** They are those who identify, evaluate and exploit opportunities that create social values and not personal wealth
- **Fabian Entrepreneurs:** These entrepreneurs are traditionally bounded. They would be cautious. They neither introduce new changes nor adopt new methods innovated by others entrepreneurs.

Introduction to Entrepreneurship Skills

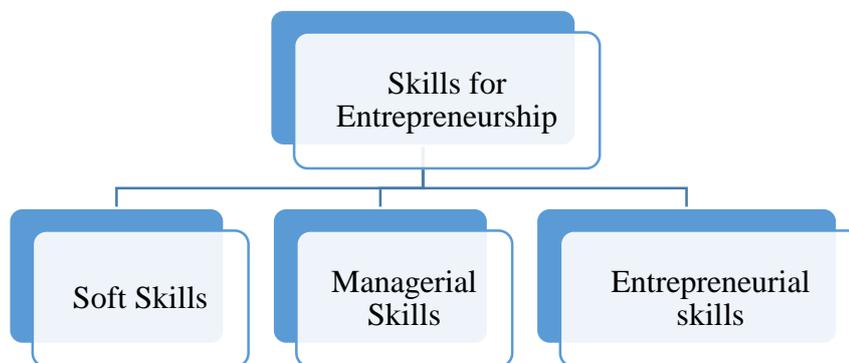
An entrepreneur requires some natural skills for getting success in business

Calculated Risk-taking: An entrepreneur must have courage to take risk with vision and have self-confidence about what you are going to do and how you are going to work

Resource Management skills: An entrepreneur should be able to manage time, money, infrastructure and people who are working within the organization

Effective Communication: Communicate in such a way so that customer as well as employee can understand your objective easily

Technical skills, managerial skills and entrepreneurial skills are needed for entrepreneurship



Soft skills	Managerial Skills	Entrepreneurial skills
<ul style="list-style-type: none"> • Effective Communication(exchanging information among people) • Interpersonal relations (leadership, networking, teamwork) • Environmental Observation (understanding job objective and current 	<ul style="list-style-type: none"> • Planning (identify goal, formulate strategy and decide the process to be followed) • Motivation (goal oriented behaviour) • Marketing (sell something or create 	<ul style="list-style-type: none"> Innovation (translating new ideas into services that create value) Persistency (continue to do something even though it is difficult or even if other people are against it) Visionary (visualize the future and take action

<p>scenario of the society with respect to the business)</p> <ul style="list-style-type: none"> • Coordination (understanding other people and work together to achieve the goal) • Technology (specific to product or service) 	<p>awareness about something)</p> <ul style="list-style-type: none"> • Accounting (keeping/preparing financial record) • Negotiating (reach at mutual beneficial outcome through negotiation) 	<p>according to that is visionary)</p> <ul style="list-style-type: none"> • Flexibility (willingness to change as per the changing environment, for betterment.)
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