

## **ENTREPRENEURSHIP MANAGEMENT**

### **What Is Entrepreneurship?**

1. **Entrepreneurship**—the process where individuals or a group of individuals risk time and money in pursuit of opportunities to create value and grow through innovation regardless of the resources they currently control.
2. Entrepreneurial ventures vs. small businesses  
**Entrepreneurial ventures**—organizations that are pursuing opportunities, characterized by innovative practices, and have growth and profitability as their main goals.  
**Small businesses**—organization that is independently owned, operated, and financed; has fewer than 100 employees; doesn't necessarily engage in any new or innovative practices, and has relatively little impact on its industry, usually remaining small by choice or by default.

### **Why Is Entrepreneurship Important?**

1. **Innovation**—a process of changing, experimenting, transforming, revolutionizing, and a key aspect of entrepreneurial activity.
2. **Number of New Start-Ups** Data collected by the U.S. Small Business Administration shows that the number of new start-ups rose between 1995 and 2000.  
Assuming that some of these new businesses engage in innovative practices and pursue profitability and growth, then entrepreneurship has contributed to the overall creation of new firms.
3. **Job Creation**:- The latest figures show that virtually all new net jobs were generated by firms with fewer than 500 employees.
4. Exhibit P2.1 on p. 144 provides the results of the GEM (Global Entrepreneurship Monitor) study that looked at the level of entrepreneurial activity in 21 countries.

### **The Entrepreneurial Process**

1. **Exploring the entrepreneurial context** It includes the realities of the new economy, society's laws and regulations that compose the legal environment, and the realities of the changing world of work.
2. Identifying opportunity and possible competitive advantages
3. **Starting the venture**  
It includes researching the feasibility of the venture, planning the ventures, organizing the ventures, and launching the venture.
4. **Managing the venture**  
It includes managing processes, people, and growth.

### **What Do Entrepreneurs Do?**

1. Initially, an entrepreneur is engaged in assessing the potential for the venture, and then dealing with start-up issues.
2. Once the venture is up and running, the entrepreneur's attention switches to managing it.
3. Finally, the entrepreneur must manage the venture's growth.

### Answering the Questions

**1. Differentiate between entrepreneurial ventures and small businesses.**

**Entrepreneurial Ventures**—organizations that are pursuing opportunities, characterized by innovative practices, and have growth and profitability as their main goals.

**Small Businesses**—organization that is independently owned, operated, and financed; has fewer than 100 employees; doesn't necessarily engage in any new or innovative practices, and has relatively little impact on its industry, usually remaining small by choice or by default.

**2. Why is entrepreneurship important in country?**

The important of entrepreneurship in country can be shown in three areas: innovation, number of new start-up business and SMEs, and job creation.

**3. Is the pursuit of entrepreneurship important only in country? Explain.**

The Global Entrepreneurship Monitor (GEM) studied the pace of entrepreneurial activity on economic growth in various countries. Among the major industrialized G-7 countries in particular, there was a very strong relationship between the level of entrepreneurial activity and annual economic growth. Same is true for every country like country i.e. developing nation.

**4. Describe the four key steps in the entrepreneurial process.**

Exploring the entrepreneurial context; includes the realities of the new economy, society's laws and regulations that compose the legal environment, and the realities of the changing world of work.

Identifying opportunity and possible competitive advantages, Starting the venture; includes researching the feasibility of the venture, planning the ventures, organizing the ventures, and launching the venture. Managing the venture; includes managing processes, people, and growth.

**5. What do entrepreneurs do?**

Initially, an entrepreneur is engaged in assessing the potential for the venture, and then dealing with start-up issues. Once the venture is up and running, the entrepreneur's attention switches to managing it. Finally, the entrepreneur must manage the venture's growth.

**6. Why are social responsibility and ethical considerations important to entrepreneurs?**

Ethical considerations play a role in decisions and actions of entrepreneurs. The results of a study of approximately 300 entrepreneurs and corporate managers showed that entrepreneurs generally have more strict ethical standards than do managers and are also better able to live by their beliefs, probably because they have more control over their decisions and actions.

### Preparing to Operate a Small Business:

**1. Writing a Business Plan:**

A business plan is a document written by an entrepreneur or perspective owner that details the nature of business, the product or service, the customers, the competition, the production and marketing methods, the management, the financing and other significant aspects of proposed business venture.

It has several purposes:

1. To think in concrete terms about every aspect of business.
2. To able to get financing
3. To measure progress
4. To establish credibility with others.

## WHAT IS CHANGE?

**Organizational change** is defined as any alteration in people, structure, or technology. Change is ever present in organizations and cannot be eliminated. Instead, we need to look at the key issues related to managing change.

## FORCES FOR CHANGE

There are external and internal forces that create the need for change.

- A. External forces that create the need for change come from various sources.
  - 1. The marketplace
  - 2. Government laws and regulations
  - 3. Technology
  - 4. Labor markets
  - 5. Economic changes
  
- B. Internal forces tend to originate primarily from the internal operations of the organization or from the impact of external changes.
  - 1. Changes in strategy
  - 2. Changes in the workforce
  - 3. New equipment
  - 4. Change in employee attitudes

## STIMULATING INNOVATION

Innovation is important to organizational success in the marketplace.

- A. Creativity versus Innovation.

There is a difference between creativity and innovation.

  - 1. **Creativity** is the ability to combine ideas in a unique way or to make unusual associations between ideas.
  - 2. **Innovation** is the process of taking a creative idea and turning it into a useful product, service, or method of operation.

### **How can managers foster innovation?**

- a. Organic structures positively influence innovation.
  - b. The easy availability of organizational resources provides a critical building block for innovation.
  - c. Frequent interunit communication helps break down barriers to innovation.
- Human resources variables are indicative of the important role that people play in innovative organizations.**
- a. Innovative organizations actively promote the training and development of their employees so their knowledge remains current.
  - b. Innovative organizations offer employees high job security.
  - c. Innovative organizations encourage individuals to become **idea champions**—individuals who actively and enthusiastically support a new idea, build support, overcome resistance, and ensure that the innovation is implemented.