

## Historical Development of Entrepreneurship

### Earliest Period

Marco Polo, who attempted to establish trade routes to the Far East, As a go between, Marco Polo would sign a contract with a money person (forerunner of today's venture capitalist) to sell his goods. A common contract during this time provided a loan to the merchant-adventurer at a 22.5 percent rate, including insurance. While the capitalist was a passive risk bearer, the merchant-adventurer too the active role in trading, bearing all the physical and emotional risks. When the merchant- adventurer successfully sold the goods and completed the trip, the profits were divided with the capitalist taking most of them (up to 75 per cent), while the merchant-adventurer settled for the remaining 25 percent.

### Middle Ages

In the middle Ages, the term entrepreneur was used to describe both an actor and a person who managed large production projects. In such large production projects, this individual did not take any risks but merely managed the projects using the resources provided, usually by the government of the country. A typical entrepreneur in the middle Ages was the cleric – the person in charge of great architectural works, such as castles and fortifications, public buildings, abbeys and cathedrals.

### 17th Century

Richard Cantillon, a noted economist and author in the 1700s understood Law's mistake. Cantillon developed one of the early theories of the entrepreneur and is regarded by some as the founder of the term. He viewed the entrepreneur as a risk taker, observing that merchants, farmers, craftsmen and other sole proprietors "buy at a certain price and sell at an uncertain process, therefore operating at a risk".

### 18th Century

In the century, the person with capital was differentiated from the one who needed capital. In other words, the entrepreneur was distinguished from the capital provider (the present-day venture capitalist). Thus the capitalist was differentiated from the entrepreneur. Entrepreneurs were regarded as capital users as opposed to capitalist who were seen as capital providers. Example Both Whitney and Edison were developing new technologies and were able to finance their inventions themselves, whereas Whitney financed his cotton gin with expropriated British crown property. Edison raised capital from private sources to develop and experiment in the fields of electricity and chemistry. Both Edison and Whitney were capital users (entrepreneurs), not providers (venture capitalists). A venture capitalist is a professional money manager who makes risk investments from a pool of equity capital to obtain a high rate of return on the investments.

### 19th and 20th Centuries

In the 19th and early 20th centuries, entrepreneurs were frequently not distinguished from managers and were viewed mostly from an economic perspective:

Briefly stated, the entrepreneur organizes and operates an enterprise for personal gain. He pays current prices for the materials consumed in the business, for the use of the land, for the personal

services he employs, and for the capital he requires. He contributes his own initiatives, skills and ingenuity in planning, organizing and administering the enterprise. He also assumes the chance of loss and gain consequent to unforeseen and uncontrollable circumstances. The net residue of the annual receipts of the enterprise after all costs have been paid, he retains for himself.

In the middle of the 20th century

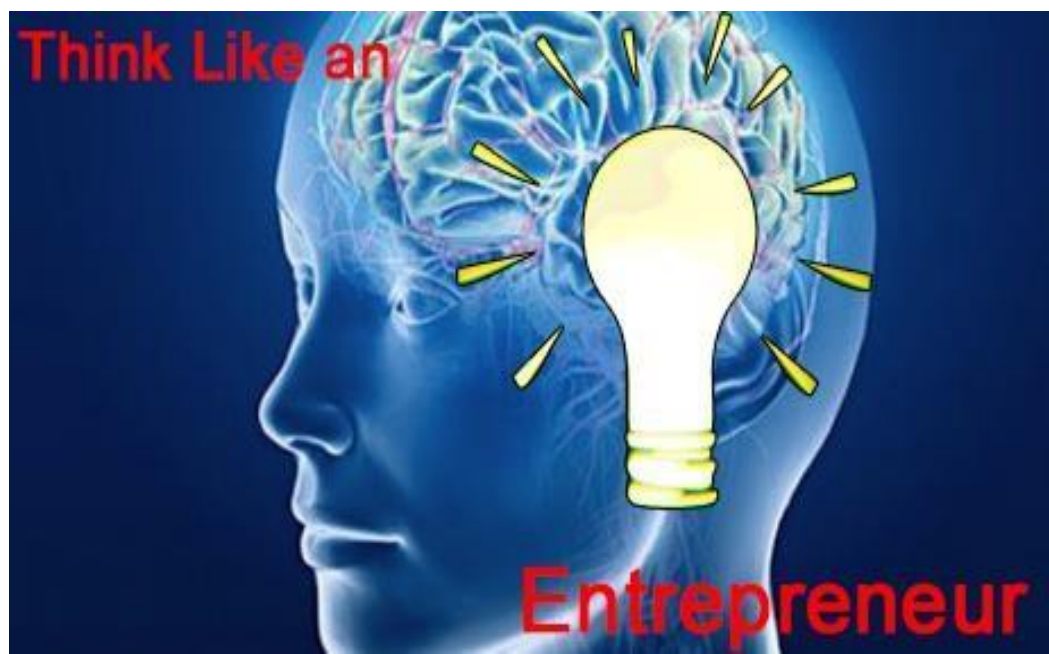
The function of the entrepreneur is to reform or revolutionize the pattern of production by exploiting an invention or more generally an untried technological method of producing a new commodity or producing an old one in a new way, opening a new source of supply of materials or new outlet for products, by organizing a new industry.

Indeed, innovation the act of introducing something new is one of the most difficult tasks for the entrepreneur. It takes not only the ability to create and conceptualize but also the ability to understand all the forces at work in the environment. The newness can consist of anything from a new product to a new distribution system to a method for developing a new organizational structure.

This ability to innovate can be observed throughout history, from the Egyptians who designed and built great pyramids out of stone blocks weighing many tone each, to the Apollo lunar module, to laser surgery, to wireless communication. Although the tools have changed with advances in science and technology, the ability to innovate has been present in every civilization. The dominant notion of entrepreneurship in this era is creativity and innovation.

- Definition of Entrepreneurship
- ✓ Oxford Dictionary – Entrepreneur is a Person who undertakes an enterprise with chances of profit or loss. As I have understood, Entrepreneur is a person who undertakes a business activity of which he has no background and faces considerable risks in the process.
- ✓ New Encyclopaedia Britannica – Entrepreneur is an individual who bears the risk of operating business in the face of uncertainty about the future conditions.
- ✓ Bernard Belidor -applied entrepreneur to the function of buying labour and material at uncertain prices and selling the resultant product at contracted price.
- ✓ Quesnay -regarded the rich farmer as an entrepreneur who manages and makes his business profitable by his intelligence, skill and wealth.
- ✓ J.B. Say-an entrepreneur is the economic agent who unites all means of production, the labour force of the one and the capital or land of the others and who finds in the value of the products his results from their employment, the reconstitution of the entire capital that he utilises and the value of the wages, the interest and the rent which he pays as well as profit belonging to himself.
- ✓ Professor Jan Tinbergen- points out “The best entrepreneur in any developing country is not necessarily the man who uses much capital, but rather the man who knows how to organise the employment and training of his employees. Whoever concentrates on this is rendering a much more important service to his country than the man who uses huge capital.”
- ✓ According to A. P. Usher, “Specialization or division of labour necessitates an entrepreneurial function the crux of which is to coordinate different economic activities. This view on entrepreneurship was very narrow and it reduced the entrepreneurship activities to no more than a managerial function.”

- ✓ F. H. Knight, in his article on Risk, entrepreneur is a specialized group of persons who bear risks and deal with uncertainty." He also identified social, psychological and economic factors which govern the supply of entrepreneurship.
- ✓ J. S. Mill -viewed the word entrepreneur as organizer who was paid for his non-manual type of work. According to him, "Extraordinary skills acted as the bedrock in production process that ought to be possessed by the entrepreneur."
- ✓ Leon Walrus- in his papers, The Theory of Social Wealth pointed out that "entrepreneur is the coordinator of basic factors of production. He treated 'entrepreneur' as the fourth factor of production that combines other factors such as land, labour and capital".
- ✓ J. A. Schumpeter defined the entrepreneur as an innovator who carries out new combinations to initiate the process of economic development through introduction of new products, new markets, conquests of new source of raw materials and establishment of a new organization of industry.
- ✓ Walker- "True entrepreneur is one who is endowed with more than average capacities in the risk of organising and co-ordinating various factors of production."
- ✓ Peter Drucker-says, "Entrepreneur is one who always searches for change, responds to it and exploits it as an opportunity. Innovation is a specific tool of entrepreneurs, the means by which they exploit change as an opportunity for different business or service."
- ✓ Dewing- has rightly put it as follows "The function of entrepreneur is one that promotes ideas into business."
- ✓ Briefly, an entrepreneur is one who innovates, raises money, assembles inputs, chooses managers and sets the organisation going with his ability to identify them. Innovation occurs through – (1) the introduction of a new quality in a product, (2) a new product, (3) a discovery of a fresh demand and a fresh source of supply and (4) by changes in the organisation and management.
- ✓ In the case of a developing economy like India- An entrepreneur in a developing economy is one who starts an industry (old or new), undertakes risk, bears uncertainties and also performs the managerial functions of decision-making and co-ordination. He also puts the new process based on technological research into operation. Even if he imitates any technique of production from a developed economy, he is called an entrepreneur.
- ✓ Thus, an entrepreneur is always action-oriented. He has the ability to visualise the necessary steps involved from idea generation to its actualisation. He is both a thinker and doer; planner and worker. He accepts risk and manages it. All the above definitions portray an entrepreneur as an initiator of action, stimulator of social economic change and a harnesser



of resources.

- ✓ Entrepreneurship is the art of starting a business, basically a start up company offering creative product, process or service. We can say that it is an activity full of creativity. An entrepreneur perceives everything as a chance and displays bias in taking decision to exploit the chance.
- ✓ An entrepreneur is a creator or a designer who designs new ideas and business processes according to the market requirements and his/her own passion. To be a successful entrepreneur, it is very important to have managerial skill and strong team building abilities. Leadership attributes are a sign of successful entrepreneurs. Some political economists regard leadership, management ability, and team building skills to be the essential qualities of an entrepreneur.
- ✓ An entrepreneur is an innovator or a creator who introduces something new to the firm or economy. It can be a new method of production, a new product, a new source of material, a new market or any other similar innovation. Thus, an entrepreneur is an innovator, creator, borrower, purchaser, etc. Some famous entrepreneurs are Azim Premji, Lakshmi Mittal, and Ekta Kapoor.
- How do you define an entrepreneur in the 21st Century?

An entrepreneur of 21st century is a customer focused innovator. Who uses E– knowledge, in taking the advantages? He is a global thinker even though he may not necessarily be a global player.

- Standard (New) Definition

Entrepreneurship is the process of creating something different with value by offering the necessary time and effort, assuming the accompanying financial, psychic, social risks and receiving the resulting rewards of monetary and personal satisfaction and independence.

- Evolution of Entrepreneurship

1600 – French verb – Entreprendre – to undertake.

1700 – Person bearing Risk or Profit in a fixed price contract (Risk)

1725 – Richard Cantillon – Person bearing risks is different from Capital Supplier (Risk)

1803 – J. B. Say – Shifts economic resources out from an area of lower to higher productivity & greater yields (Value Addition)

1934 – Joseph Schumpeter – Innovator develops untried technology (Productivity & Innovation)

1961 – David McClelland – Highly motivated, energetic, moderate risk taker (Need for achievement)

1964 – Peter Drucker – Searches for change, responds to it & exploits as opportunity (Opportunity Focused)

1980 – Karl Vesper – Behaviour Perceptions– Economists, Psychologists, Businessmen, Politicians (Environment)

1983 – Gifford Pinchot – Intrapreneur

1985 – Robert Hisrich – Creating something different with value, devoting time & effort, assuming risks (FPS); results– rewards and satisfaction (Leadership & Vision)

➤ What Motivates an Entrepreneur?

Many research studies have been conducted by researchers to understand and answer this question so that the factors that motivate people to take all the risk and start a new enterprise can be identified.

The 6Cs that motivate entrepreneurs to establish their own business are as follows:

- ✓ Change – Entrepreneurs frequently want change, not only change, they also want to be the bearers of change. They are solution givers and want to interrupt the status quo. They have a vision like "I want to assemble the world's information" or "I want to put an AC at every desk" and they take an attempt to make this change. In this attempt, some succeed and some fail.
- ✓ Challenge – Some people love challenges and they opt for starting a new business as it is very challenging to handle big problems. These people find typical job in a big corporate as boring and not challenging enough.
- ✓ Creativity – Running one's own business is all about being more creative and having the independence to make new discoveries. For example, testing a new website design, launching a new marketing scheme, creating inventive items that solve a known issue in a different way, creating new advertising campaigns, etc. One needs to have an infinite room to welcome and introduce creativity in a small business.
- ✓ Control – Some people tend to start a business because they don't want to be pushed around and work for a product/company in which they have no way to shape their destiny. They want to be their own boss having their own time, own pace, location of their choice, employees of their choice and have a progressive role in deciding the direction of the company.
- ✓ Curiosity - Successful entrepreneurs are always anxious and ask- "What if we do it this way?" They want to have more than one option to do a work and choose the best one from them. They want to understand the customer's perceptions, point of views, markets and competitors. They are frequently anxious to see how their particular theory like "people want to do A with B" works. In this aspect, they can't be differentiated from a scientist who is trying to prove his theorem.
- ✓ Cash – The last but not the least part is the cash. Money says it all. Many non-entrepreneurs have a misconception that cash comes first for entrepreneurs but this is never really true. If this would be the case, then there is no reason for an Ellison or Gates to keep expanding their business aggressively after they have made more than billion dollars. However, money is not the primary motivation.  
From the above discussion, it can be said that the highest motivating factor is the urge to get something or the drive to do something differently.

➤ Results of Motivation

Successful entrepreneurship needs determination, freedom, discipline, connectivity and an abundance of skills in planning. People with a complete package of physical strength combined with perseverance, mental strength, and self-discipline have the passion and urge to succeed. With proper motivation, we get the following outcomes:

- ✓ Heavy industrialization: Tremendous growth can be seen in industrialization. Example: Companies like TISCO, TELCO have been set up and are flourishing.
  - ✓ Self-employment: A common man gets a chance to make a difference, set a new standard of industrial growth. Example: Entrepreneurs like Dhirubhai Ambani and Azim Premji are born.
  - ✓ Economic growth: When there is growth in an individual's economy, there is a growth in the company's economy, which in turn results in the growth of that particular area and country. Example: Emergence of smart cities concept.
  - ✓ Creating new jobs: More entrepreneurship leads to more job openings. More job openings lead to more employment opportunities.
  - ✓ Proper social benefit: When a country's economy grows or increases we see that more advanced and proper social benefits are provided to the general public like construction of roads, school, hospital, colleges, etc.
  - ✓ Entrepreneurial drive is the inbuilt encouragement some people possess to make something happen. It is the energy that pushes one forward as a founder and forces not to give up in the face of failure, ultimately leading to success.
- Advantages of Entrepreneurship
- ✓ To an Individual
    - A. Provides Self Employment for the entrepreneur
    - B. Entrepreneur can provide employment for near & dear one as well
    - C. Entrepreneurship often provides an employment and livelihood for next generations as well.
    - D. Freedom to use own ideas – Innovation and creativity
    - E. Unlimited income / higher retained income – Bill Gates has risen to become richest in the world in a single life time through entrepreneurship
    - F. Independence
    - G. Satisfaction
  - ✓ To the nation
    - A. Provides larger employment – Entrepreneurs provide employment for self as well as other people and is source of employment creation.
    - B. Results in wider distribution of wealth – This is a logical sequel of above issue. Higher the employment, greater the distribution of wealth
    - C. Mobilizes local resources, skills and savings
    - D. Accelerates the pace of economic development – Entrepreneurship is the govt's one of the most trusted vehicles for economic development
    - E. Stimulates innovation & efficiency
- Enterprise and society

Entrepreneurship has a major contribution in the growth of national economy. So, it is very important to acknowledge the motivational features spurring people to become entrepreneurs and explaining why some are more successful than others.

An enterprise is nurtured by the society. Thus, we can say, it is a portion of society. In the social environment, both of them share a close bonding where they affect each other and share their profits and loss combined. In this “affecting & being affected relationship”, a proper balance should be maintained.

#### ➤ Entrepreneurial Achievement

Entrepreneurs are not always motivated by profit but regard it as a standard for measuring achievement or success. An entrepreneur greatly values self-reliance and strives for distinction through excellence. They are highly optimistic (otherwise nothing would be undertaken), and they always favour challenges of medium risk that is neither too easy, nor ruinous.

Given below are some factors that contribute to the success of an entrepreneur.

- ✓ Self-confidence: Before convincing others to trust us, it is important to trust our self. The determination or the courage and belief one has on self to achieve the goal is known as self-confidence.
- ✓ Experience: It's not always necessary to be experienced for starting a business, but yes, having some experience will definitely help save time and effort.
- ✓ Profit: Opting for a business that has a demand in the market, is always a better choice. However, it is always good to think of a steady income rather than just profit.
- ✓ Brand: Everybody opts for or at least wishes to opt for branded products or services. The reason varies; some see it as a standard of living, for some it's the quality. Keeping this in mind, it is very important to create a signature mark of your product.
- ✓ Market share: It adds to an individual's, groups, or firm's contribution in the market when by contributing their company product in the market. A company designs a product with respect to the demand of the mass.
- ✓ Some other factors like consumer relation, social support, government support also contribute as important factors in entrepreneurial achievement.

#### ➤ Entrepreneur's background

1. Family Environment – In most cases, people follow the footsteps of father. A businessman's son takes up business and a salaried person's son tries to find a job. So, if a family has had a tradition of entrepreneurship, later generations also follow the steps of their ancestors, like the Gujaratis and Marwaris. Conversely, if a family has had a bad experience with entrepreneurship, it is unlikely that the next generation will be very entrepreneurial.
2. Education – Education has no correlation with entrepreneurial spirit. If at all there is one, it seems to be inverse. Most of the entrepreneurs come from low education background. Educated people who get decent jobs rarely prefer the comfort of a salaried job. It is only those who are unable to find a living for themselves that eventually try their hands at new business. For long long years, due to problems of licence, quota and inspector raj, most educated people preferred govt jobs, for it symbolized power, comfort, social status and for the people with low scruples, money too. However, the trend is slowly changing. With the business environment becoming easier and govt officials' powers being on the wane, many educated people are also beginning to venture into entrepreneurship.

3. Age – There are people who start as early as probably 10 and some others after their retirement. Harland David Sanders, better known as Colonel Sanders (not a Army Colonel but an honorary one) started his famous Kentucky Fried Chicken business quite late in his varied career. But commonly, men are often in the age group of 25 – 35 and women in the age group of 30– 45.
4. Physical Attributes – Have absolutely no correlation with entrepreneurial spirit.
5. Marital Status – No direct correlation but going by the age group, most entrepreneurs are married.
6. Working History – Entrepreneurs quite often have some working experience as a salaried employee in the field of their venture. It always helps to learn a little about business before putting your money in. Sindhi community follows this practice assiduously.
7. Family Contacts – Family contacts in business world reduce the risks and help the entrepreneur.
8. Professional Contacts – Professional contacts again help. IIT and IIM graduates venturing into entrepreneurship often get help from their peer and seniors.
9. Personal values
10. Lifestyle – Most entrepreneurs are fond of good things in life but are willing to wait till they strike rich. In the interim they are willing to rough it out.

➤ Functions of an Entrepreneur

- Identifies opportunities: An entrepreneur is always on the lookout for opportunities. Whether it's a new market to enter, a new product to develop or a new way to reach customers, an entrepreneur is always looking for ways to grow their business. In order to identify opportunities, an entrepreneur needs to have a good understanding of their industry and what their customers want. They also need to be able to think creatively and see things from different angles. Once an opportunity has been identified, an entrepreneur needs to assess whether it's something that their business can take advantage of. They need to consider the risks and potential rewards before making any decisions. If an opportunity is something that could benefit their business, an entrepreneur will then develop a plan of how to take advantage of it. This plan will involve putting together the resources and making the necessary arrangements to make it happen.
- Generates new ideas: An entrepreneur is someone who is always generating new ideas. They are always thinking about how to improve things and make them better. They are always looking for new opportunities and ways to grow their business. Entrepreneurs are often described as risk-takers. This is because they are willing to take on new challenges and try new things. They are not afraid of failure, but instead see it as a learning opportunity. Entrepreneurs are also good at problem-solving. If something isn't working, they will figure out a way to fix it. They are always looking for creative solutions to problems. Lastly, entrepreneurs are passionate about what they do. They love their work and are always trying to find ways to improve it. They want to make a difference in the world and be successful in their field.
- Develops a business plan: An entrepreneur must develop a business plan in order to start and grow their business. The business plan should include the company's mission statement, market analysis, marketing strategy, financial projections, and management team. The



business plan is a road map for the entrepreneur to follow as they launch and grow their business.

- **Secures financial backing:** An entrepreneur must be able to secure financial backing for their business venture. This may come in the form of investment from venture capitalists, angel investors, or other sources of funding. The entrepreneur must be able to convince these people that their business idea is worth investing in and that they have a solid plan for how to use the funds to grow the business.
- **Hires and manages employees:** An entrepreneur is responsible for hiring and managing employees. This includes finding and recruiting employees, as well as training, managing, and motivating them. An entrepreneur must also be able to provide direction and guidance to employees, ensuring that they are working towards the company's goals.
- **Oversees day-to-day operations:** The entrepreneur is responsible for the day-to-day operations of the business. They must make sure that the business is running smoothly and efficiently. They will need to delegate tasks to employees, and oversee the completion of these tasks. The entrepreneur must also be able to troubleshoot any problems that may arise.
- **Makes decisions:** An entrepreneur must be able to make decisions quickly and efficiently in order to keep the business running smoothly. Decisions must be made on a daily basis, ranging from what products to sell, to how to market the business, to which suppliers to use. An entrepreneur must be able to weigh all of the options and make the best decision for the company.
- **Takes risks:** An entrepreneur is someone who takes risks. They are willing to put their time and money into something they believe in, even if it means there is a chance they could fail. This type of person is not afraid of failure, because they know that it is often through failure that we learn the most and become successful. An entrepreneur takes risks because they have faith in themselves and their abilities. They know that if they don't take risks, they will never achieve their goals.
- **Builds a company culture:** An entrepreneur is someone who builds a company culture. A company culture is the set of shared values, beliefs, and norms that guide employee behavior. It includes things like the company's mission and values, how employees are expected to dress and behave, and what benefits and perks are offered. A strong company culture can help an organization attract and retain talent, improve communication and collaboration, boost innovation and creativity, and increase employee engagement and satisfaction. It can also help build a competitive advantage by differentiating the organization from its competitors. An entrepreneur who understands the importance of company culture can use it to their advantage in building a successful business. They can create a culture that attracts top talent, drives innovation and creativity, engages employees, and sets the organization apart from its competitors.
- **Meets goals and objectives:** An entrepreneur is a person who organizes, operates, and assumes the risk for a business or enterprise. The function of an entrepreneur is to bring together various resources to create a new product or service. The goal of an entrepreneur is to make a profit by providing goods or services that other people are willing or unable to provide for them. In order to achieve this goal, the entrepreneur must be able to identify and exploit opportunities. They must also be able to marshal the resources necessary to take advantage of these opportunities.

- How to process and find out the best ideas
  - To know as how to search the innovative business ideas
  - To know the various sources available for new business ideas.
  - To know the various input requirements for the proposed business.
  - To find out the location for the proposed business.
  - To know as how to fulfil the various legal formalities.
  - To know as how best to make use of the existing infrastructural facilities.
  - To know the various sources of finance available for the new business venture.
  - To know as how best to overcome the resistance, and
  - To know as how to assess the market and future trend.
- Some other related facts about Entrepreneurship
  - Entrepreneurs are made; they aren't born. (This statement is more of public posturing than fact. Essential characteristics of an entrepreneur, i.e., ambitiousness, capacity to take moderate risks, organizing ability, persistence, vision, etc, cannot be taught in any school. These are inborn characteristics of a person. Know this fact but don't write it in the answer sheet).
  - Incubator organization is an organization that supports entrepreneurs
  - Venture Capitalists – VCs are like bankers, but since they aren't subject to strict regulations as bankers, they take greater risks in making investments organized as formal businesses, they expect to reap 25– 30% annually and get more actively involved in the ventures than bankers do.
  - Angels are private individuals who invest directly in firms and receive equity stake in return – they act as advisers to founders.
  - Don't confuse entrepreneurship with running a business. Every person launching a business is not an entrepreneur. A businessman's son taking over his established family business or starting another factory in neighbouring town is no entrepreneur because he is well trained in matters of that business by virtue of constant exposure since childhood. He has support of family and friends in terms of finance and advice should going gets tough. With his training, professional and personal contacts and financial backing, risk element and uncertainty are almost missing in such business. Whereas, a farmer's son, venturing to open a grocery or even 'pan shop' is an entrepreneur because he is stepping into an uncharted territory of which he has little/no training and therefore bears considerable risk.
- Qualities of an Entrepreneur
  - Motivation: Hard-working business owners are incredibly motivated to succeed. Adopting this mindset—and being able to demonstrate your motivation to an employer—is crucial. You need to bring enthusiasm to everything you do at your job. Fortunately, showing you're highly motivated is simple: Show up to work every day with a positive attitude. This is among the top characteristics of entrepreneurship. Employers want to see you're passionate about what you do day in and day out.
  - Creativity: No matter what industry you're in, employers want workers with out-of-the-box ideas. They want to hire people to not only carry out assignments, but to also come up with better ways of doing things. That's why it's important to be creative—to always be thinking of new ways you can improve your company's workflow, productivity, and bottom line.

- **Persuasiveness:** Persuasiveness can make you a better negotiator, which gives you an edge when going after a plum assignment, raise, or promotion. There will come a time when you need to convince a client, a co-worker, or your boss to take certain actions, so you need to be persuasive when presenting your ideas.
- **Vision:** Successful entrepreneurs always keep one eye on the big picture, and this ability can make you a better employee. Vision is primarily about strategic planning. Can you see what direction the industry is going? Can you identify challenges for your company? Can you tackle your day-to-day job responsibilities, while staying focused on long-term goals and initiatives?
- **Versatility:** Although you were hired for a specific set of skills, it's important that you can shift as needed. You want to be someone that your boss can go to in a pinch, so be prepared to tackle work that's outside your job description. Among the leading characteristics of entrepreneurship is being an early adopter of new technology and keeping your skills current.
- **Risk Tolerance:** Every employer wants to grow their business, and that involves embracing change. Translation: Don't be afraid to take risks when pursuing new clients, for example, or testing a new product. (One caveat: Make sure you have your boss' buy-in.)
- **Flexibility:** Like an entrepreneur, you have to be able to adapt to change and solve problems as they arise. A good team player can shift their priorities to help out whenever the team needs assistance. Thus, flexibility means being receptive to other people's needs, opinions, and ideas and being open-minded to feedback from your manager.
- **Decisiveness:** Do you exercise sound judgment under pressure? When you're an entrepreneur, you don't have room to procrastinate—and the same is true for employees. You have to be comfortable taking action when needed. This means knowing how to prioritize tasks and make decisions quickly. (It helps to be organized.)
- **Collaboration:** Savvy entrepreneurs are not only brilliant leaders, but also great collaborators, so you have to be an effective team player. Unsurprising, 86.3% of hiring managers seek job candidates who demonstrate strong teamwork skills, according to the National Association of Colleges and Employers Job Outlook survey.

Ultimately, using entrepreneurial skills at work entails adjusting to other people's work styles, avoiding office politics, celebrating your peers' successes, meeting your deadlines, and putting your company's goals first.

#### ➤ Characteristics of Entrepreneur

The following are some of the characteristics of an entrepreneur:

- **Vision and Passion**

An entrepreneur must have a very clear vision of his business. So he must have the ability to plan out his long term and short term goals and objectives. He has to be able to map out his future plans in an articulate and efficient manner. Another very important trait necessary in an entrepreneur is that he must be passionate about his work. Entrepreneurship is hard work and

long hours, so he must be passionate about what he is doing. Such passion can translate into hard work and success.

- Innovative

One of the main characteristics of entrepreneurship is innovation. The entrepreneur looks for the opportunity in the market and capitalizes on it. He is the one who introduces new products and services in the market trying to fulfil customer needs. The innovation can also be in a production process, new marketing strategy, innovative advertising etc.

- Risk Taker

Risk is an integral part of any new business. But it is an especially important factor in entrepreneurship because here the entrepreneur bears the entire risk of the business. So it is necessary that the entrepreneur has an adventurous and risk-taking personality.

- Leader

One of the other important qualities of a successful entrepreneur is leadership. All good entrepreneurs are good leaders.

- Desire to achieve high

Any successful entrepreneur will tell you that starting a business is not a get-rich-quick alternative. New businesses usually take from one to three years to turn a profit. In the meantime, you will do well to break even. During the business start-up stage, entrepreneurs do not buy anything they do not need, such as fancy cars. Most drive junk cars and use their surplus money to pay off debt or reinvest it in the business. Their focus is on creating a company with a strong financial base for future expansion. A strong enough dream and desire will always point towards success and provide the fuel to get there.

- Ability to work with others

Initially, entrepreneurs might work alone on a business idea by tinkering in the solitude of their garage or den. However, the astute entrepreneur knows that he or she must draw on the experience and ideas of others in order to succeed. Entrepreneurs will actively seek the advice of others and will make many business contacts to validate their business ideas. The entrepreneur who is a loner and will not talk to anybody will never start a successful business. They have the ability to motivate and lead their employees to success. They also have the tenacity, knowledge, and skill to pull their businesses from a tight corner like good leaders.

- Persistent

A good entrepreneur is always persistent by nature. A business is never an overnight success. It takes immense hard work and also a little bit of luck. But a persistent entrepreneur makes his own luck. He can create opportunities if they are not presented to him. So a persistent entrepreneur that works tirelessly always has a greater chance of success.

- Versatile knowledge

A recent study of successful entrepreneurs showed that most of them worked for a large corporation for a number of years before they started their own business. In every instance, they used the corporate structure to learn everything they could about the business they intended to establish, before they started.

- Dedication

That entrepreneurs are not dedicated to any one thing is a myth. Dedication is an attribute that all successful entrepreneurs exhibit. They are dedicated to becoming their own boss. To this end, they will conduct extensive research campaigns into the advantages and disadvantages of their business ideas in their dedicated drive to start a business.

- Self-Confidence

An entrepreneur is confident of achieving realistic and challenging goals, coupled with a sense of effectiveness, will ultimately contribute to the success of the venture. They also have the ability to solve problems and make decisions which involves striving with determination.

- Independence

Many individuals become 'economically displaced' (unemployed) or find themselves disillusioned with faltering careers. For these individuals, starting a new Venture can be exhilarating, a breath of fresh air into an otherwise stale life-style.

- Initiative and positive thinker

They have the ability to generate new ideas and implement them ahead of the others to be able to create a competitive edge. Entrepreneurs are resourceful and creative. Entrepreneurs believe in themselves; see half a glass as full not half way or half empty. They are able to endure great difficulties and stay focused for long.

- Competitive Spirit

The business world is a very cut-throat space. Thousands of new businesses born and die every day, so the competition is always going to be fierce and intense. Such an environment is better suited to someone who is already competitive by nature and thrives in such situations of pressure.

- Resilient

And finally one of the most important traits in a successful entrepreneur is resilience. There is no smooth straightforward path to success. There will always be some failures and roadblocks in the way. So the entrepreneur has to be resilient and steadfast in his pursuit of success.

➤ Entrepreneur, Entrepreneurship and Enterprise

The word entrepreneur literally came from French language meaning someone who undertakes an enterprise. Entrepreneur is a man who thinks about a venture, dreams it, starts it, works on it and grows with it.

Enterprise could be defined as Any undertaking / venture involving some economic activity which requires risk taking ability, resources mobilization efforts, keen planning and organisation and effective decision making skill in all types of decision situations. It has got a separate entity and perpetual successions. It consists of people who work together mainly for production and selling of goods and services so as to make some economic gains. It may be of private or public, small or large, domestic or international.

Entrepreneurship could be defined as ability of an individual or a group of individual to introduce changes or innovate like introduction of a new product or service, opening of a new market and carrying out a new organisation. These are indeed the early American thoughts on Entrepreneurship. Entrepreneur is a man who invests and risks time, money and effort to start a business and make it successful.

Thus Entrepreneur refers a person, entrepreneurship indicates the process adopted by him and enterprise is the work place where in he adopts his entrepreneurial skills.

Entrepreneur	Entrepreneurs	Enterprise
Person	Process or Philosophy	Object

#### ➤ Types of Entrepreneurs

Entrepreneurs are classified as under different heads as given below. This helps the potential entrepreneurs to choose his own nature and style of entrepreneurship.

##### ✓ According to the Type of Business

Entrepreneurs are found in various types of business occupations of varying size. We may broadly classify them as follows:

- **Business Entrepreneur:** Business entrepreneurs are individuals who conceive an idea for a new product or service and then create a business to materialize their idea into reality. They tap both production and marketing resources in their search to develop a new business opportunity. They may set up a big establishment or a small business unit.
- **Trading entrepreneur:** is one who undertakes trading activities and is not concerned with the manufacturing work. He identifies potential markets, stimulates demand for his product line and creates a desire and interest among buyers to go in for his product. He is engaged in both domestic and overseas trade.
- **Industrial Entrepreneur:** Industrial entrepreneur is essentially a manufacturer who identifies the potential needs of customers and tailors product or service to meet the marketing needs. He is a product oriented man who starts in an industrial unit because of the possibility of making some new product.

- Corporate Entrepreneur: Corporate entrepreneur is a person who demonstrates his innovative skill in organising and managing a corporate undertaking. A corporate undertaking is a form of business organisation which is registered under some statute or Act which gives it a separate legal entity.
- Agricultural Entrepreneur: Agricultural entrepreneurs are those entrepreneurs who undertake such agricultural activities as raising and marketing of crops, fertilizers and other inputs of agriculture.
- ✓ According to the use of Technology
  - Technical Entrepreneur: A technical entrepreneur is essentially an entrepreneur of "Craftsman type". He develops a new and improved quality of goods because of his craftsmanship. He concentrates more on production than marketing. He does not care much to generate sales by applying various sales promotional techniques. He demonstrates his innovative capabilities in matters of production of goods and rendering services.
  - Non-technical Entrepreneur: Non-technical entrepreneurs are those who are not concerned with the technical aspects of the product in which they deal. They are concerned only with developing alternative marketing and distribution strategies to promote their business.
  - Professional Entrepreneur: Professional entrepreneur is a person who is interested in establishing a business but does not have interest in managing or operating it once it is established.
- ✓ According to Motivation

Motivation is the force that influences the efforts of the entrepreneur to achieve his objectives. An entrepreneur is motivated to achieve or prove his excellence in job performance. He is also motivated to influence others by demonstrating his power thus satisfying his ego.

- Pure Entrepreneur: A pure entrepreneur is an individual who is motivated by psychological and economic rewards. He undertakes an entrepreneurial activity for his personal satisfaction in work, ego or status.
- Induced Entrepreneur: An induced entrepreneur is one who is being induced to take up an entrepreneurial task due to the policy measures of the government like financial assistance, incentives, concessions and necessary overhead facilities to start a venture. Most of the entrepreneurs are induced entrepreneurs who enter business due to financial, technical and several others provided to them by the state agencies to promote entrepreneurship.
- Motivated Entrepreneur: New entrepreneurs are motivated by the desire for self-fulfilment. They come into being because of the possibility of making and marketing some new product for the use of consumers. If the product is developed to a saleable stage, the entrepreneur is further motivated by reward in terms of profit and enlarged customer network.
- Spontaneous Entrepreneur: These entrepreneurs start their business out of their natural talents and instinct. They are persons with initiative, boldness and confidence in their ability which motivate them to undertake entrepreneurial activity.

- Growth Entrepreneur: Growth entrepreneurs are those who necessarily take up a high growth industry. These entrepreneurs choose an industry which has substantial growth prospects.
- Super-Growth Entrepreneur: Super-growth entrepreneur are those who have shown enormous growth of performance in their venture. The growth performance is identified by the liquidity of funds, profitability and gearing.

✓ According to Stages of Development

- First-Generation Entrepreneur: First generation entrepreneur: is one who starts an industrial unit by means of an innovative skill. He is essentially an innovator, combining different technologies to produce a marketable product or service.
- Modern Entrepreneur: A modern entrepreneur is one who undertakes those ventures which go well along with the changing demand in the market. They undertake those ventures which suit the current marketing needs.
- Classical Entrepreneur: A classical entrepreneur is one who is concerned with the customers and marketing needs through the development of a self supporting venture. He is a stereotype entrepreneur whose aim is to maximize his economic returns at a level consistent with the survival of the firm with or without an element of growth.
- Innovating Entrepreneurs: Innovating entrepreneurship is characterized by aggressive assemblage of information and analysis of results, deriving from a novel combination of factors. Men/women in this group are generally aggressive in experimentation who exhibit cleverness in putting attractive possibilities into practice. One need not invent but convert even old established products or services, by changing their utility, their value, their economic characteristics, into something new, attractive and utilitarian. Therein lies the key to their phenomenal success. Such an entrepreneur is one who sees the opportunity for introducing a new technique of production process or a new commodity or a new market or a new service or even reorganization of an existing enterprise.
- Imitative Entrepreneurs: Imitative entrepreneurship is characterized by readiness to adopt successful innovations by innovating entrepreneurs. They first imitate techniques and technology innovated by others.
- Opportunist Entrepreneur: The idea behind opportunistic entrepreneurship is to take advantage of opportunities when they present themselves, whether or not they were initially anticipated or planned. Being able to spot and seize advantageous conditions or market gaps can be the difference between success and failure in today's quickly changing and fiercely competitive business environment. Entrepreneurs that are proactive in their approach continuously analyze their surroundings for new trends, changes in customer behaviour, or unanticipated circumstances that may be used to start or expand a firm.
- Fabian Entrepreneurs: These categories of entrepreneurs are basically running their venture on the basis of conventions and customary practices. They don't want to introduce change and not interested in coping with changes in environment. They have all sorts of inhibitions, shyness and lethargic attitude. They are basically risk averse and more cautious in their approach.



- Drone Entrepreneurs: Entrepreneurs who are reluctant to introduce any changes in their production methods, processes and follow their own traditional style of operations. Though they incur losses and lose their market potential, will not take any effort to overcome the problem. Their products and the firm will get natural death and knockout.
- Life style Entrepreneurs: Sometimes, circumstances made many persons to become entrepreneurs. They do not have any plan, forward looking and business aptitude. To mitigate the situational problem, they are forced to plunge into entrepreneurial venture. Most of them may not be successful in this category due to lack of training and exposure.
- ✓ On The Basis of Gender ((types of entrepreneurship)
  - Male entrepreneurs: In Male entrepreneurs basically start business in manufacturing industry, transport, automobile technology marketing business. Male entrepreneurs under most entrepreneurs easily obtained funds from banks and various resources. Male entrepreneurs have high level confidence getting a high risk for organisation.
  - Female Entrepreneurs: Female Entrepreneurs means those women create their own enterprise organizer, and own and operate their organisation called as female Entrepreneurs. Basically most women enterprises start HR consultancy and services. For Women entrepreneurs provide the government various NGOs scheme related start up and training programs etc. Women entrepreneurs have rising number Problems because of lack of experience, and cultural background.
- ✓ On The Basis Of Area (types of entrepreneurship)
  - Rural entrepreneurs (Classification of entrepreneurs): The Rural entrepreneurs are those who handle business in rural areas and operated he/she Business in rural areas that are called rural entrepreneurs. Rural entrepreneurs Handle large area for particular products, their various home related products.
  - Urban entrepreneurs: Urban entrepreneurs means those who handle business in Cities area (Urban area) or developed area that entrepreneur is called urban entrepreneurs. The Urban entrepreneurs do related business that's all business good demand in the market such as automobile, technology related etc.
- ✓ On the basis age (Classification of entrepreneurs)

On the basis of age there are three types of entrepreneurs Young entrepreneurs middle entrepreneurs old entrepreneurs

- Young entrepreneurs have limited experience. They are starting positions of entrepreneurs.
  - Middle entrepreneurs second steps of entrepreneurship after young entrepreneurs. Middle entrepreneurs range from age 30 to 45.
  - Old entrepreneurs have a better experience of the market.
- ENTREPRENEURIAL TRAITS OR COMPETENCIES.

Some people argue that entrepreneurs are born with the right personality attributes and others insist that anyone can be taught to be an entrepreneur. In view of above controversy in order to understand clearly what it takes to be a successful entrepreneurs research institutions and

behavioural scientists through their research studies have tried to resolve the interiorly on what makes a successful entrepreneur.

Following is a lot of major competencies as identified by the Entrepreneurship Development Institute of India (EDI) Ahmadabad.

- Initiative: - The entrepreneur initiates a business activity i.e. he takes the first step to start an enterprise. He takes initiative that goes beyond enterprise establishment or the demand of the situation. For example, he does things before being asked or forced by the situation.
- Passion: - The entrepreneur should possess passion for his enterprise. He therefore, develops more than a casual interest in the enterprise so that they could overcome various hurdles and obstacles coming on the way of starting an enterprise. Available evidence indicates that without passion or consuming interest, business will not succeed. Such a personal or emotional or consuming commitment to do something by giving full try is an example of 'passion'.
- Tenacity despite failure: Because of the hurdles and obstacles that must be overcome, the entrepreneur must be persistent and must not give up easily. Many successful entrepreneurs succeeded only after they had failed several times. It has been said that successful entrepreneurs do not have failures. They have learning experiences.
- Self-confidence: Entrepreneur is a strong believer in his strength and abilities. He believes that he possesses the ability to accomplish whatever he sets out to do and achieve. The confidence is not unfounded however. The entrepreneur who believes that "He can" becomes successful.
- Sheer grit and strong determination: The life history of successful entrepreneurs reveals that they are characterized by self motivation and strong determination in their goal. They act out of choice. They are never victim of fate. The entrepreneur believes that the success or failure depends on his own actions. This quality is known as "internal locus of control". A person who believes that fate and other outside factors determine success has an external locus of control and is not likely to succeed as an entrepreneur.
- Creativity: One of the reasons that entrepreneurs are successful is that they have imagination and can envision alternative scenarios. They have the ability to recognize opportunities that other people do not see. Here again let us take the example of Henry Ford.
- Change Seeker: To the most of people change is often frightening and is something to be avoided. But, successful entrepreneurs see change as normal and necessary. Therefore, they search for change, respond to it and exploit it as an opportunity. In fact, this exploitation of change is the basis of innovation. In economics, change is considered a prerequisite for improvement and development.
- High need for achievement: Many studies have shown that the successful entrepreneurs have 'high need for achievement' than the general population. David. C. McClelland considers it the most crucial element to become an

entrepreneur. It is the high need for achievement which makes entrepreneurs act on their ideas. The achievement motive is converted into drive and initiative that results in accomplishment.

- Team spirit: Successful entrepreneurs build team and work with teammates. In simple words, team is a group of individuals who work in a face-to-face relationship to achieve a common goal. They share collective accountability for the outcome of the team's effort. Working in teams creates synergy and achieves success in its endeavours. While appreciating the role of team spirit in success. Henry Ford's view seems worth citing "Bringing people together is beginning, keeping people together is progress and working with people is success".
- Information Seeker: A successful entrepreneur always keep his eyes and ear open and is receptive to new ideas which can help him in realizing his goals. He is ready to consult expert for getting their expert advice.
- Quality Consciousness: Successful entrepreneur always keep his eyes and ear open and is receptive to new ideas which can help him in relishing his goals. He is ready to consult expert for getting their expert advice.
- Proper Planning: Successful entrepreneurs develop or evolve future course of action keeping in mind the goals to be realized. They believe in developing relevant and realistic plans and ensure proper execution of the same in their pursuit of attaining their goals.
- Problem Solver: Successful entrepreneurs take problem as a challenge and put in their best for finding out the most appropriate solution for the same. They will first of all understand the problem and then evolve appropriate strategy for overcoming the problem.
- Assertive: An assertive person knows what to say, when to say, how to say and whom to say. He believes in his abilities and ensures that others fall in line with his thinking, aimed at promoting the interests of the organization.
- Effective Monitoring: Top performers ensure that everything is carried out in their organizations as per their wishes. They ensure regular monitoring of the working so that the goals of the organization are achieved in best possible manner.
- Employees Welfare: Future of the organisation depends on its employees. If the employees are dedicated, committed and loyal, the organization is bound to perform well. A successful entrepreneur tries to promote organization's interests through promotion of interests of the workers. He takes personal interest in solving problems confronting workers and generates the feeling that there is independence of the interests for workers and the management.

#### ➤ Scope of Entrepreneurship Development

Entrepreneurship development could be made in all walks of the society and in all fields of activities. The scope of entrepreneurship development encompasses the following:

- Impart entrepreneurship education to the pupils at the school level so as to enable them to develop the entrepreneurial talents.

- Establish a separate Department of Entrepreneurship Development or School of Entrepreneurship Development at the College/ University level and allow the academics to undertake researches on 'Entrepreneurship Development' and its allied activities.
- Conduct the 'Entrepreneurship Development Programme's through the setting up of Entrepreneurship Training Institutions at least at the local level in all parts of the country.
- The State Governments shall give special attention to the entrepreneurship development programme. They can in collaboration with the neighbouring states, chalk out a programme of action for developing entrepreneurial activities in a phased manner.
- The existing financial institutions especially the commercial banks situated in rural areas shall take utmost care in identifying the aspiring entrepreneurs and offer not only the required financial assistance but also the required managerial techniques so as to enable them to establish new business and withstand in the market.
- Institutions which are engaged in the development of small industries shall frame long range planning in developing entrepreneurial talents. They should monitor the changing industrial and business scenarios and determine the future course of actions to be taken to improve the entrepreneurship development.
- The role of R & D institutions is not only to innovate but also to inform the entrepreneurs as how best to make use of the innovation and apply in the manufacturing process. These institutions should act as entrepreneur and all its activities constitute entrepreneurship.

➤ Factors Favouring Entrepreneurship

- Developed Infrastructure Facilities – Availability of infrastructure reduces the cost & efforts and improves viability of projects through higher profit margins.
- Financial Assistance – Easy availability of cheap funds is vital for promoting entrepreneurship.
- Protective and Promotional Policies – Most of the entrepreneurship projects start very small and have no resilience. They are extremely vulnerable to competitors, market, money markets, etc, for considerable time. Favourable Government policies shelter them from such vagaries.
- Growth of Education – Science, Technology & Management – Growth of education is believed to be promoting entrepreneurship. However, there are enough examples to suggest otherwise. A very large proportion of first generation entrepreneurs are low educated. Take the case of Microsoft Chairman Mr Bill Gates or Reliance Founder Mr Dhirubhai Ambani. (We also have Mr Narayan Murthy and Mr Ajim Premji to balance this scale). On a wider spectrum, Kerala, the most literate state and West Bengal, another state high on literacy front, are least entrepreneurial states whereas Punjab, with 5 rank from bottom was top on entrepreneurial charts.

- Risk Taking Abilities – Risk taking ability is one of the pillars of entrepreneurial spirits.
- Hunger for Success (Capitalistic View) – Fire in the belly and dreams of riches are what drive most entrepreneurs on this risky path. Any person content with what he has would take the easier route of salaries job.
- Environment/Culture Impact – Entrepreneurship is contagious. Communities like Punjabies and Marwaries are historically entrepreneurial. They are known for seeking and exploiting business opportunities in most remote areas. It is a culture that propels them. (Go to Pull Factors )
- Social Security – Social security acts as a safety net against failure of enterprise. Social security guarantees basic 'roti, kapada aur makan' in case of failure. Entrepreneurial spirit of United States is born partly out of this security.
- Technical/Industrial Training Facilities – Industrial Training facilities on one hand generate skilled manpower so vitally required for setting up enterprises while on the other hand they are also nursery for future entrepreneurs. Among the
- Educated entrepreneurs, a majority are product of technical institutes from IIT to ITI (Tier I to Tier III institutes).
- Globalization – Globalization has provided another avenue for business. Many dare devils have taken a head– along plunge into this uncharted water and have written new success stories.

#### ➤ Functions of an entrepreneur

An entrepreneur has to perform a number of functions right from the generation of idea up to the establishment of an enterprise. He also has to perform functions for successful running of his enterprise. Entrepreneur has to perceive business opportunities and mobilize resources like man, money, machines, materials and methods. The following are the main functions of an Entrepreneur.

- Idea Generation: The first and the most important function of an Entrepreneur is idea generation. Idea generation implies product selection and project identification. Idea generation is possible through vision, insight, keen observation, education, experience and exposure. This needs scanning of business environment and market survey.
- Determination of Business Objectives: Entrepreneur has to state and lay down the business objectives. Objectives should be spelt out in clear terms. The entrepreneur must be clear about the nature and type of business, i.e. whether manufacturing concern or service oriented unit or a trading business so that he can very well carry on the venture in accordance with the objectives determined by him.
- Rising of Funds: All the activities of the business depend upon the finance and hence fund raising is an important function of an entrepreneur. An entrepreneur can raise the fund from internal source as well as external source. He should be aware of different sources of funds. He should also have complete knowledge of government sponsored schemes such as PMRY, SASY, REAP etc. in which he can get government assistance in the form of seed capital, fixed and working capital for his business.
- Procurement of Machines and Materials: Another important function of an entrepreneur is to procure raw materials and machines. Entrepreneur has to identify cheap and regular

sources of raw materials which will help him to reduce the cost of production and face competition boldly. While procuring machineries, he should specify the technical details and the capacity. He should consider the warranty, after sales service facilities etc. before procuring machineries.

- **Market Research:** Market research is the systematic collection of data regarding the product which the Entrepreneur wants to manufacture. Entrepreneur has to undertake market research persistently to know the details of the intending product, i.e. the demand for the product, size of the market/customers, the supply of the product, competition, the price of the product etc.

- **Determining form of Enterprise:** Entrepreneur has to determine form of enterprise depending upon the nature of the product, volume of investment etc. The forms of ownership are also proprietorship, partnership, Joint Stock Company, co-operative society etc. Determination of ownership right is essential on the part of the entrepreneur to acquire legal title to assets.

- **Recruitment of Manpower:** To carry out this function, an entrepreneur has to perform the following activities.

- Estimate man power requirement for short term and long term
  - Laying down the selection procedure.
  - Designing scheme of compensation.
  - Laying down the service rules.
  - Designing mechanism for training and development.

- **Implementation of the Project:** Entrepreneur has to develop schedule and action plan for the implementation of the project. The project must be implemented in a time bound manner. All the activities from the conception stage to the commissioning stage are to be accomplished by him in accordance with the implementation schedule to avoid cost and time over run. He has to organize various resources and coordinate various activities. This implementation of the project is an important function of the entrepreneur. All the above functions of the entrepreneur can precisely be put into three categories of innovation, risk bearing, and organizing and managing functions.

- Entrepreneurial Skills

- Group Skill

In the workplace, you can showcase your teamwork skills in the following ways:

- A. Providing support to team members for more responsibilities
    - B. Working towards achieving a common professional goal
    - C. Celebrating with team members
    - D. Worked with an internal team to create an interactive and Collaborative.
    - E. Actively listening to other members of the team
    - F. Supporting struggling friends and team mates
    - G. Approaching teamwork with a positive attitude
    - H. Working for the good of the group as a whole
  - Technical skills
    - A. Written & Oral communication
    - B. Monitoring
    - C. Technology & Technical business management

- D. Interpersonal
- E. Listening
- F. Ability to organize
- G. Network building
- H. Coaching
- I. Team player
- J. Ability to lead
- Business management skills
  - A. Planning and goal setting
  - B. Decision making
  - C. Human relations
  - D. Marketing
  - E. Finance & Accounting
  - F. Planning
  - G. Motivation
  - H. Accounting
  - I. Controlling
  - J. Negotiating
  - K. Venture launch
  - L. Managing growth
- Personal entrepreneurial skills
  - A. Inner control/ discipline
  - B. Risk taker
  - C. Innovative
  - D. Change oriented
  - E. Persistent
  - F. Visionary leader
  - G. Ability to manage change
- Enterprise skills:

Here are some of the most useful enterprise skills:

- A. Creativity is an important enterprise skill because it produces unique products and services that can stimulate a company's long-term success.
- B. Increased productivity often leads to higher profits, making you valuable to the company.
- C. As they often need to assess and resolve challenges for their organization to function smoothly and profitably.
- D. Clearly and concisely describing expectations, directions and ideas can reduce confusion and make development processes more efficient.
- E. Ensure that all elements of a project are organized and functioning properly can save time used for amending mistakes and allow more time for developing new ideas.
- F. Employees who work together well are typically a valuable asset for companies.
- Behavioural skills
  - A. Motivation

- B. judgmental
- C. Conflict Resolution
- D. Self Improvement
- E. Time Management
- F. Stress Management
- G. Patience
- H. Balance Between Professional & Personal Life
- I. Empathy

- Communication Skills:
  - A. Be flexible
  - B. Able to identify an opportunity to communicate
  - C. Do not blow your own trumpet
  - D. Put your intelligent into word
  - E. Emphasis on issues
  - F. Communicate well
  - G. Communicate with illustrations
  - H. Interact effectively
- Listening Skills
  - A. Listen without the intervention of any thoughts
  - B. Pay more attention to others
  - C. Establish rapport
  - D. Actively listen
- Soft skills: Soft Skills include the following:
  - A. Use your knowledge effectively
  - B. Clarity in expression
  - C. Read a lot
  - D. Rapport building
  - E. Be alive and alert
  - F. Good knowledge of English
  - G. Set out your own box physically and mentally
  - H. Take the lead
- Reasons Why Most Entrepreneurs Fail

Here 11 common pitfalls that drive entrepreneurs out of business.

- Not Having Enough Money: Let's start with the simplest and most straightforward reason any business fails: lack of money. Whether they self-finance, get a bank loan or take the "Shark Tank" approach and get partners and investors, many businesses fail before really getting started because they are not prepared with the capital it takes to operate a new business.
- Not Knowing Your Market: Who are your clients? Who is your competition? What is your target market willing to pay for your product or service? Entrepreneurs must be able to answer these and many more questions about their market in order to run a successful



business. If you do not fully understand who your customers are, what they want and where else they can get it, you will be doomed to fail.

- **Lack of Vision:** The mark of a good leader is not only having a vision but imparting that vision to others in a way that makes them want to come with you on the journey. Businesses without well-thought-out, long-term and short-term goals will fail because they don't have clear success benchmarks along the way.
- **Biting Off More than You Can Chew:** Speaking of goals, they say "Rome wasn't built in a day," and neither was Amazon or Google or GE. If a newly formed start up's idea is to rush to be a Fortune 500 household name in one year or even five from opening, it could be setting itself up for failure.
- **Improper growth:** Many new businesses are quick to chase money or a sale by adding products or services that they do not truly specialize in. Companies that know what they do well (and what they don't) and stick to that last longer than businesses that try to become a jack-of-all-trades yet master of none.
- **Not Enough Marketing:** You can have the best product or service in the world, but if nobody knows about it, you won't succeed. You need to get your name out there and let people know about the benefits of your business. If you cannot reach your audience, you cannot find success. One of the most effective forms of marketing is word-of-mouth marketing. It's a form of advertising that comes directly from satisfied customers. Why does it work so well? Most consumers will believe a recommendation from a good friend or family member much faster than any ad or marketing strategy.
- **Poor Planning:** We have all heard the saying, "If you fail to plan, you plan to fail." The absence of proper planning leads to subpar execution. A good business plan need not be overly complicated. It is as simple as knowing and developing a strategy around your company, your product and your competition.
- **Not Accepting Constructive Criticism:** Let criticism serve as an opportunity to do it better. Too often, entrepreneurs get offended by critiques because they are too emotional when it comes to their business. There is no such thing as success without failure and mistakes. As an entrepreneur, you must find the lesson and learn from criticism.
- **Incompetent management:** Some old sayings are delegation killers for entrepreneurs. "If it's going to be, it's up to me," "Entrepreneurs are self-made," and "If you want things done right, do it yourself," to name a few. Many entrepreneurs start as a "one-person show," and some can succeed in the beginning that way. However, as a business grows, you need a good team that can help bring the company's vision to fruition.
- **Lack of Soft Skills:** Soft skills are the missing piece to the success puzzle for many entrepreneurs. Soft skills are the sometimes intangible and non-technical talents entrepreneurs need to lead effectively. They include attitude, communication, empathy, motivation, teamwork, networking, leadership, decision making, problem-solving and conflict resolution.
- **Burnout:** Related to not delegating, entrepreneurs can quickly burn out and lose their drive and passion if they do not get the right support. Starting a business is a 24/7 job in most cases, and if you are not able to ease that burden as you grow, you will never be

able to sustain that long term. As Lori Greiner of Shark Tank said, "Entrepreneurs are the only people who will work 80 hours a week to avoid working 40 hours a week."

- There are plenty of reasons new businesses fail. From the common reasons listed above to a host of other situations, starting a new business and scaling for the long-term is not easy. That said, when business owners understand the reasons why businesses fail, they can be better prepared to avoid the pitfalls and navigate their way to a long and fruitful journey through entrepreneurship
  - Entrepreneurial Key Success Factors

The most critical key success factors that can make an entrepreneur become a successful entrepreneur are:

- Willingness to take action is a key success factor: The willingness to take an entrepreneurial action is the first and most important factor for "would-be" and current entrepreneurs. All other entrepreneurial key success factors are not necessary if you are a person who is afraid to take real action. Actions are something that can lead you to success. Without actions, you can't expect to become a successful business owner. Sorry, it is a fact!
- Entrepreneurial knowledge: Entrepreneurs must have superior entrepreneurial knowledge about specific business issues for the business they have started. Your knowledge will increase your business potential energy and, in large part, contribute to your company's success. You need to learn new things. Try new things. Incorporate the new knowledge inside your daily operations. Only in such a way can you become a successful entrepreneur.
- Entrepreneurial creativity as a key success factor: You must be a creative person if you want to be unique enough. With the power of creativity and continuous improvement in your business, you will become close to success. Creativity will increase your business's potential energy, bringing many possibilities for your company.
- Entrepreneurial skills: Each entrepreneur and business will need different entrepreneurial skills that, in some cases, can be crucial to the success of their companies. If you have the knowledge but you don't have skills that you can cover only by implementing what you have learned, you can't expect that you will come to success. As you can see, you will have skills if you take action or implement everything that you have learned somehow.
- Entrepreneurial intelligence: You must be intelligent to manage all possible situations and solve the most complex problems that will be the most consistent thing in your business life. Your intelligence will also bring uniqueness to your company because competitors can't copy it easily.
- Patience is a key success factor: You must be patient and ready to continue even if you lose the first battle. It is important because the war is still not finished. This is only the beginning of your journey as an entrepreneur. You need to understand that your entrepreneurial journey isn't an easy journey from A to B.
- Persistence: Persistence is simply a refusal to give up on something or the ability to keep your actions against your personal feelings that you're not ready for

these actions. Feelings and motivation didn't produce results. The action is something that will provide the results you want to achieve. So, remove the feelings that pulled you back, and with your full power, continue on your journey.

- The ability for teamwork: Nobody can achieve anything alone, so this is true for you as an entrepreneur. You are not a "Superman." As an entrepreneur, you must be a team player for your own and your business's success.
- Risk-taking, but a calculated risk: One of the most critical questions is: Are entrepreneurs taking enough risk? Yes, each business start up is, at some level, risky. However, more important is how a successful entrepreneur takes a risk? The word calculated risk is the most appropriate word for this characteristic. You need to use risk management principles if you want to succeed.
- Self-confidence is a key success factor: Self-confidence is a significant and key success factor for entrepreneurs. Nobody will become an entrepreneur if he doesn't have self-confidence, primarily related to starting and managing his own business. How can you expect customers to believe you if you are not a self-confident person who believes in yourself? Insecurity is your biggest enemy. Here are some strong sources of insecurity and signs that will tell you that you feel insecure about your small business.
- Having enough experience: Sometimes experience is in a category not so required as a factor, but it will increase your business potential energy. As an entrepreneur, you must employ all present and previous experience in the business you are building.
- Great talent: Talent is something inborn in an entrepreneur. But, sometimes talent is something that can be easily replaced with knowledge and skills. So, it is crucial, but it cannot guarantee success if you don't add knowledge and skills.
- Honesty is vital in every case. But sometimes, honesty, being real, can be the most significant enemy of an entrepreneur in some complex conditions.
- Connections: More connection means more possibilities for building a successful business. Building connections through networking can help you to become a successful entrepreneur.
- Luck: I do not believe in luck to achieve some success, but still, some people think that they were lucky enough to build a successful business. Luck is a psychological factor. Some people can say that they aren't lucky people. And indeed, some "lucky people" just accidentally found themselves in the right place at the right time with the right idea. However, it is a small percentage and cannot be included as a serious factor for success.

## Entrepreneurial Motivating Factors

Internal Factors: These include the following factors:

1. Desire to do something new.
2. Become independent.
3. Achieve what one wants to have in life.
4. Be recognized for one's contribution.
5. One's educational background.
6. One's occupational background and experience in the relevant field.

External Factors:

These include:

1. Government assistance and support.
2. Availability of labour and raw material.
3. Encouragement from big business houses.
4. Promising demand for the product.

Distinguish between intrapreneur and entrepreneur

BASIS FOR COMPARISON	ENTREPRENEUR	INTRAPRENEUR
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- |                       |   |  |
|-----------------------|---|--|
| • Meaning             |   |  |
| ➤ Entrepreneur-       | refers to a person who set up his own business with a new idea or concept.  |  |
| ➤ Intrapreneur-       | refers to an employee of the organization who is in charge of undertaking innovations in product, service, process etc. |  |
| • Approach            |   |  |
| ➤ Entrepreneur-       | Intuitive   |  |
| ➤ Intrapreneur-       | Restorative   |  |
| • Resources           |   |  |
| ➤ Uses own resources. |   |  |
| ➤ Intrapreneur-       | Use resources provided by the company.  |  |
| • Capital             |   |  |
| ➤ Entrepreneur-       | Raised by him.  |  |
| ➤ Intrapreneur-       | Financed by the company.  |  |
| • Enterprise          |   |  |
| ➤ Entrepreneur-       | Newly established   |  |
| ➤ Intrapreneur-       | An existing one   |  |
| • Dependency          |   |  |
| ➤ Entrepreneur-       | Independent   |  |
| ➤ Intrapreneur-       | Dependent   |  |
| • Risk                |   |  |
| ➤ Entrepreneur-       | Borne by the entrepreneur himself.  |  |
| ➤ Intrapreneur-       | Taken by the company.   |  |

- Works for
- Entrepreneur- Creating a leading position in the market.
- intrapreneur- Change and renew the existing organizational system and culture.
- Role of Entrepreneurship in Economic Development

The role of entrepreneurship in economic development has nine salient takeaways:

1. **Raises Standard of Living**  
A significant role of entrepreneurship in economic development is that it can greatly enhance the standard of living for individuals and communities by setting up industries and creating wealth and new positions. Entrepreneurship not only provides large-scale employment and ways to generate income, it also has the potential to improve the quality of individual life by developing products and services that are affordable, safe to use, and add value to their lives. Entrepreneurship also introduces new products and services that remove the scarcity of essential commodities.
2. **Economic Independence**  
Entrepreneurship can be a path to economic independence for both the country and the entrepreneur. It reduces the nation's dependence on imported goods and services and promotes self-reliance. The manufactured goods and services can also be exported to foreign markets, leading to expansion, self-reliance, currency inflow, and economic independence. Similarly, entrepreneurs get complete control over their financial future. Through their hard work and innovation, they generate income and create wealth, allowing them to achieve economic independence and financial security.
3. **Benefits of New Firms and Businesses**  
Entrepreneurs identify market needs and develop solutions through their products and services to begin their business venture. By starting new firms and businesses, entrepreneurs play a key role in shaping the economy and creating a more dynamic and diverse business landscape. Entrepreneurship also promotes innovation and competition, leading to new and improved products and services that contribute to economic growth and development.
4. **Creation of Jobs**  
Entrepreneurship is a pivotal driver of job creation. Running the operations of new businesses and meeting the requirements of customers results in new work opportunities. Entrepreneurship also drives innovation and competition that encourages other entrepreneurs and investments, creating new jobs in a wide range of industries, from manufacturing and construction to service and technology sectors.
5. **Encourages Capital Formation**  
Capital formation is the process of accumulating resources, such as savings and investments, to fund new business ventures and support economic growth. Entrepreneurship can encourage capital formation by attracting investment. In addition, the creation of new businesses and the growth of existing firms can also contribute to the development of a more diverse and dynamic economy that encourages capital formation and opens the door to a wide range of investment opportunities.
6. **Elimination of Poverty**

Entrepreneurship has the potential to lift people out of poverty by generating employment and stimulating economic activity. Entrepreneurship also contributes to the development of local economies and helps improve the overall standard of living.

7. Community Development

Entrepreneurship promotes economic growth, provides access to goods and services, and improves the overall standard of living. Many entrepreneurs also make a positive impact on their communities and improve their well-being by catering to underserved areas and developing environment-friendly products. Their work can help build stronger, more vibrant communities and promote social and economic development.

8. Optimal Use of Resources

Entrepreneurship can help identify market opportunities and allocate resources in the most effective way possible. Entrepreneurs also play a key role in developing innovative products and services that meet the needs of customers while optimizing the use of available resources.

9. Increases Gross National Product and Per Capita Income

Entrepreneurship can play a significant role in increasing economic growth and prosperity by increasing Gross National Product (GNP) and Per Capita Income (PCI). GNP measures the total economic output of a country while PCI calculates the average income per person. The increase in GNP can lead to a rise in PCI. Entrepreneurship can contribute to GNP by creating new businesses and industries, which can lead to job creation, increased consumer spending, and higher tax revenue.

### Process of Entrepreneurship Development

The below-mentioned steps will illustrate how to build an effective entrepreneurship development program for an entrepreneur to organize and launch the new ventures.

**Discover** – Any new process begins with fresh ideas and objectives, wherein the entrepreneur recognizes and analyzes business possibilities. The analyzing of opportunities is a risky task, and an entrepreneur looks out for inputs from other persons, including channel partners, employees, technical people, consumers, etc. to reach an ideal business opportunity.

**Evaluation** – The evaluation of an opportunity can be done by asking several questions to oneself. For instance, questions like whether it is worth taking a chance and investing in the idea, will it attract the consumer, what are the competitive advantages and the risk linked with it are asked. A reasonable and sensible entrepreneur will also analyze his skills and whether it matches his entrepreneurial objectives or not.

**Developing a plan** – After the identification of an opportunity, an entrepreneur has to build a complete business plan. It is the most important step for new business as it sets a standard and the assessment criteria and sees if a company is working towards the set goals.

**Resources** – The next step in the process of entrepreneurial development is resourcing. Here, the entrepreneur recognizes the source of finance and from where the human resource can be managed. In this step, the entrepreneur also tries to find investors for his new business.

Managing the company – After the hiring process and funds are raised now its time to start the operation to accomplish the desired goals. The entire entrepreneur will decide on the management structure that will be assigned to resolve the operational problems whenever it occurs.

Harvesting – The last step in this process is harvesting, where an entrepreneur determines the future growth and development of the business. Here, real-time development is compared with the projected growth, and then the business security or the extension is initiated accordingly.

### Entrepreneurship Process

This is not just a mere task of starting a new venture, but is a much more elaborated and a dense system that requires a lot of effort and dedication. By definition, entrepreneurship process consists of all the functions, activities and actions associated with meeting opportunities and creating organizations to pursue them. The entrepreneur needs to go through several steps before establishing a firm. Sometimes, people get a business idea by coincidence (chance encounter) or through sheer dedication and deliberate search. The entrepreneurship process is about how the entrepreneur handles the environmental forces and the characteristics or attributes an entrepreneur must possess in order to successfully complete each phase.

### FOUR PHASES OF ENTREPRENEURSHIP PROCESS

1. Identification and evaluation of the opportunity. Going straight into establishing a firm with opportunity identification and evaluation is cited as the most difficult step.

### Steps in generating business idea

- I. Identify the needs / gaps that are existing,
- II. Respond to the needs by providing alternative solutions to the needs,
- III. Appreciate the changing fashions/tastes and requirements in the society,
- IV. Stay ahead of completion as you think,
- V. Appreciate technology by doing things in a better way,
- VI. Spread risks and allow for failure

➤ Taking care of the following steps will ensure a successful start up.

✓ Go beyond the Business Plan

Careful planning of business before launching it is not restricted to preparing a business plan. Preparing a business plan is an important exercise. Bachenheimer recommends the following three planning methods for a business plan:

- The Apprentice Model: Earning from direct work experience in the industry.
- The Hired-Gun Approach: Partnering or sharing with experts who are more knowledgeable and have more experience.
- The Ultra-Lean School of Hard Knocks Tactic: Finding out a way to frequently test and refine the model at a very reasonable cost.

While documenting a business plan is precisely helpful, the real value is not in having the finished good in hand, but instead in the process of researching and thinking in a systematic approach. It assists in thinking things through in depth, to study and research if the facts

provided are completely accurate. Starting a new business without the commitment of thorough preparation, can be a very expensive lesson in the value of planning.

✓ Test your Idea

It is recorded that approximately sixty percent of new businesses fail within the first three years, as mostly the young entrepreneur's rush into business without carefully checking out their idea and all other aspects to conclude if it will work.

✓ Know the Market

It is crucial to understand the critical metrics of the market, even if it is as simple as sales per square foot and inventory turnover, or an esoteric measure in a highly specialized upmarket. Questioning others, conducting research or gaining experience by assisting others to learn the inside of the market, engaging with the main suppliers, distributors, competitors and customers is a must.

✓ Understand your Future Customer

In most business plans, a description of potential customers and how they make purchasing decisions, receives much less attention than operational details such as financing, sourcing and technology. In the end, customers determine the success or failure of an enterprise. It is important to understand the customers' demands, what affects their purchase decisions, what can be done to differentiate the offering from that of competitors and how to convince them that the value offer is genuine. Acknowledging and understanding the needs of the future customers is a crucial and important step in launching a business.

✓ Establish Cash Resources

Necessary measures and steps are to be taken to frequently capitalize the business and secure ready sources of capital for growth. While some startups rely on owners' capital, others look for investors.

To determine the total amount of cash required, develop a cash-flow statement that evaluates complete expenses and income of the company. Accurate stages of expenses are marked by researching costs of actual business. Minimizing long-term commitments,

✓ Choose the right Business Structure

Starting from the initial stages, it is very important to identify the appropriate corporate layout required for the business. This should include tax and legal implementation. The chosen layout assures the success of decisions to be made in future, like raising capital or exiting from business.

✓ Revisit Your Start-Up Plans

Everything you do in starting up your business, you need to measure up against your predictions and expectations in your original business plan test all aspects and readjust your plan if needed. All other categories of entrepreneurs are of self explanatory in nature and hence not discussed.

2. Development of the Business Plan

- A business plan is a formal document containing a set of business goals or objectives and a detailed plan or scheme in reaching those goals and objectives.
- To realize the full potential of business idea, it is imperative for the entrepreneur to write a detailed business plan.
- The business plan includes background information of the firm, the entrepreneur or management team.



- Primarily, a business plan's function is to guide individuals within the firm to be aligned with the firm's goals and strategies and to aid in the development of relationships with outsiders who could help the company to achieve its goals.
  - Once the initial phases are complete, the latter two phases become the vital organs of the operation. It might be relatively easier to come up with a business idea, but it may be twice as hard in trying to make the business successful.
3. Determination of the resources required.
- Consequently, it is important for the entrepreneur to gather resources (finances, labour, etc) before the start-up of the firm.
  - Some resources are more critical than others so the entrepreneur should assess and identify what resources are required for the commencement of the business.
  - The resources necessary depends on how to beat the competition.
  - Understanding the resource supplier needs, will enable the entrepreneur to acquire resources at the lowest possible cost and the least loss of control.
4. Managing the enterprise
- Once the resources are acquired, it is time to implement the business plan that the entrepreneur had developed or devised earlier in the entrepreneurial process.
  - In this last step, the entrepreneur should understand the operational problems and twist / pull them to bring maximum output.
  - It is also in this phase that a management style and structure is established and identification of key variables for success are done.
  - A control system also needs to be instilled to quickly identify and solve any problem.