

Entrepreneurial New Ventures

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ENT 634

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Lecture 1



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Why Entrepreneurship Matters

- Entrepreneurship converts change, unmet needs, and new knowledge into value.
- New ventures can create jobs, introduce innovations, and challenge established ways of working.
- The same entrepreneurial logic can be used in commercial, social, public, and corporate settings.

Chapter

01

Learning Outcomes

- By the end of this lecture, you should be able to:
- Define entrepreneur and entrepreneurship.
- Explain why people choose entrepreneurship.
- Discuss key characteristics, myths, venture types, and impacts.
- Outline the entrepreneurial process and apply it to a simple idea.

How GEM Measures Activity

- There is a tremendous interest in entrepreneurship around the world. Although this statement may seem bold, there is evidence supporting it, some of which is provided by the Global Entrepreneurship Monitor (GEM).
- The Global Entrepreneurship Monitor (GEM) compares entrepreneurial activity across economies.

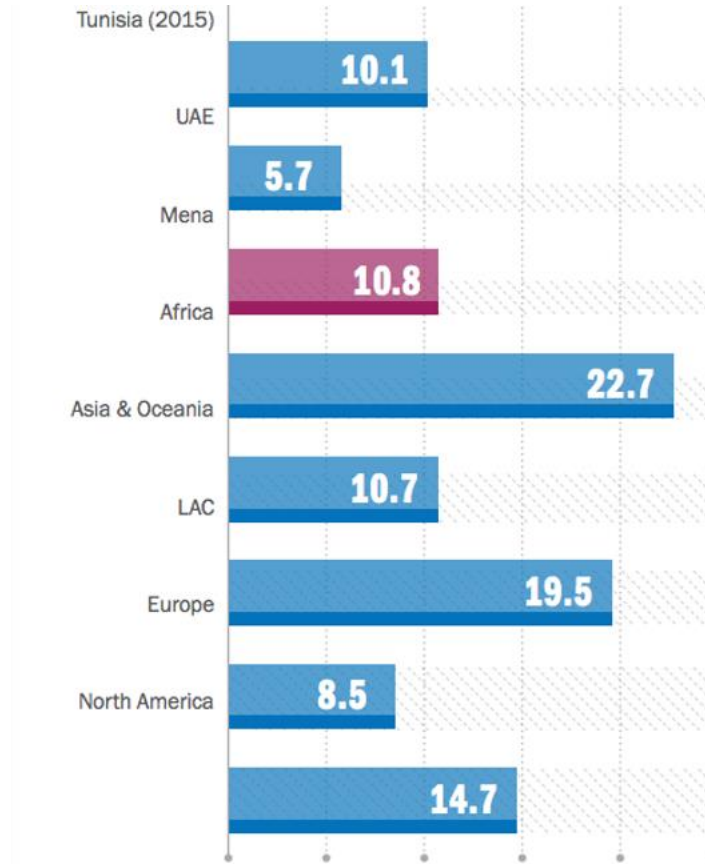
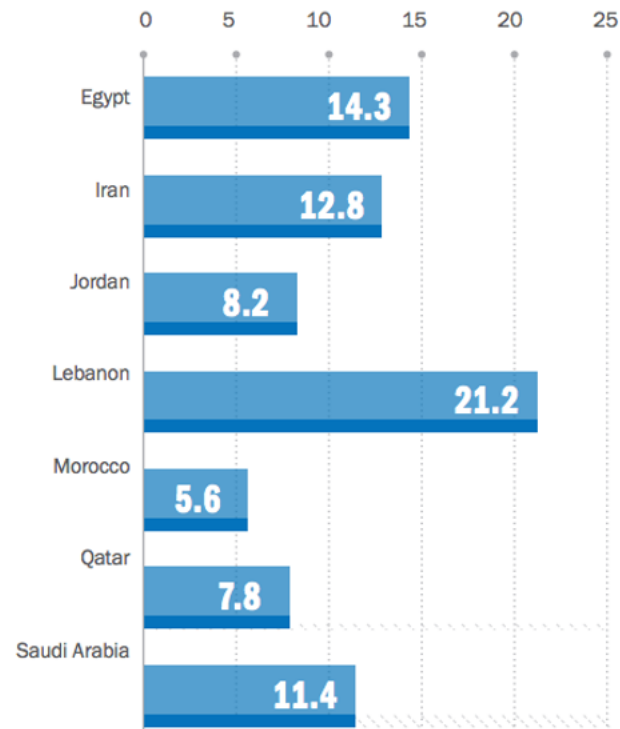
How GEM Measures Activity

- Total early-stage entrepreneurial activity (TEA) includes people actively starting a business and owner-managers of young firms.
- GEM also examines attitudes, motivations, aspirations, and the conditions that support entrepreneurship.

Chapter 01

How GEM Measures Activity

Figure 2.2: TEA (% of adult population)



Who Is an Entrepreneur?

- The term comes from the French *entreprendre*: “to undertake.”
- An entrepreneur identifies or shapes an opportunity, organizes resources, accepts uncertainty, and acts to create value through a new or existing organization.

What Is Entrepreneurship?

- Entrepreneurship is the process of pursuing an opportunity and mobilizing resources to create value under conditions of uncertainty.
- It is more than having an idea: it requires action, learning, resourcefulness, and implementation.

From Idea to Opportunity

- An idea becomes an opportunity when it addresses a real need and can support a workable solution.
- Ask:
 - Who experiences the problem?
 - What value would the solution create?
 - Will people adopt or pay for it?
 - Can the venture deliver it sustainably?

Mobilizing Resources

- Entrepreneurs assemble and combine:
 - People and capabilities
 - Finance and physical assets
 - Knowledge, technology, and data
 - Partners, networks, and legitimacy
 - A business model and strategy
- Resourcefulness often matters as much as ownership.

Entrepreneurship Within Firms

- Existing organizations can also act entrepreneurially. Corporate entrepreneurship—or intrapreneurship—encourages employees and teams to create new products, processes, business models, or ventures within an established firm.

Entrepreneurial Intensity

- Entrepreneurial intensity combines:
 - Innovativeness: experimenting and introducing novelty
 - Proactiveness: acting ahead of emerging needs
 - Risk-taking: committing resources despite uncertainty
- The appropriate level depends on the organization and its context.

Why Become an Entrepreneur?

- Common motivations include:
 - Independence and greater control over work
 - The opportunity to pursue an idea
 - Achievement, challenge, and personal development
 - Financial rewards and wealth creation
 - Flexibility or necessity
 - A desire to solve a social or environmental problem

Independence Has Trade-Offs

- Being your own boss can provide autonomy, but it also brings accountability.
- Entrepreneurs make the final decisions, yet must answer to customers, employees, partners, lenders, investors, regulators, and the venture's cash flow. Part-time experimentation can test whether entrepreneurship fits the individual.

Pursuing an Idea

- People often start ventures after recognizing an unmet need through work, study, hobbies, community experience, or daily life.
- Example: repeated food waste at home may inspire a preservation solution—but customer interviews are still needed to determine whether the problem is widespread and worth solving.

Pursuing an Idea

Example: a food preservation solution that helps people reduce waste and keep food fresh longer.

1. Observed problem

Food is bought, stored, and then thrown away before being used.

2. Target users

Busy households
Meal-prep users
Small food sellers.

3. Value created

Longer freshness
Less food waste
Better storage habits.

4. Opportunity test

Interview users
Test willingness to pay
Run a small pilot.

Key idea: the opportunity is not the product itself; it is the match between a real problem, a workable solution, and evidence from customers.

More Than Financial Rewards

- Financial rewards matter, but founders may also value:
 - Purpose and social contribution
 - Learning and achievement
 - Recognition and identity
 - Control over how value is created
- Growth capital can increase potential while reducing founder control.

Traits That Support Success

- No single personality guarantees success. Useful, developable characteristics include:
 - Passion and commitment
 - Product and customer focus
 - Tenacity with adaptability
 - Execution intelligence
 - Curiosity, learning, and ethical judgment

Passion Needs Discipline

- Passion sustains effort and communicates commitment, especially when progress is slow.
- However, passion should not become blind attachment. Effective entrepreneurs remain willing to question assumptions, examine evidence, and change direction when customers or results contradict the original idea.

Start With the Customer

- A product creates value only when it solves a meaningful problem.

Investigate:

- The customer's situation and priorities
- Existing alternatives and frustrations
- The value promised by the solution
- Reasons to adopt, pay, return, or recommend

Tenacity Is Not Stubbornness

- Tenacity is the capacity to continue through setbacks. Adaptability is the capacity to learn and change.
- Persistent entrepreneurs remain committed to the problem or purpose while adjusting the solution, target market, price, channel, or business model when evidence requires it.

Execution Intelligence

- Execution intelligence converts an idea into coordinated action:
 - Define a workable business model
 - Build a capable team
 - Test assumptions
 - Secure resources and partnerships
 - Manage cash and operations
 - Learn from results

The Entrepreneurial Mindset

- An entrepreneurial mindset emphasizes:
 - Opportunity awareness
 - Initiative and experimentation
 - Learning from feedback
 - Resourcefulness and collaboration
 - Calculated risk and resilience
- These habits can be developed through practice.

Myth 1: Born Entrepreneurs

- Entrepreneurship is not reserved for a fixed personality type.
- Experience, education, role models, networks, deliberate practice, and the surrounding environment can strengthen entrepreneurial knowledge, skills, confidence, and intention. Individual differences matter—but capability can grow.

Myth 2: Entrepreneurs Gamble

- Effective entrepreneurs do not simply seek danger. They manage uncertainty by:
 - Gathering evidence
 - Testing on a small scale
 - Limiting possible loss
 - Sharing risk with partners
 - Keeping options open
- Risk is managed—not celebrated for its own sake.

Myth 3: Money Is Everything

- Profit is essential for the survival of most commercial ventures, but founders commonly pursue a mix of goals: independence, achievement, purpose, impact, identity, and financial return.
- Motivations may also change as the venture develops.

Three Start-Up Types

- Salary-substitute firms provide an owner with income.
- Lifestyle firms support a preferred way of living.
- Entrepreneurial firms pursue innovation and scalable growth.
- All three can create value; they differ mainly in objectives and growth logic.

Who Participates Is Changing

- Entrepreneurship is increasingly diverse across gender, age, nationality, professional background, and life stage.
- Students, employees, researchers, migrants, parents, retirees, and experienced executives can all become entrepreneurs. Their different experiences can reveal different problems and opportunities.

Who Participates Is Changing

- **Women Entrepreneurs:**

While men are still more likely to start businesses than women, the number of women-owned businesses is increasing.

Between 2007 and 2016, the number of women-owned firms increased by 45 percent. As a result, over the past nine years, the number of women-owned businesses has grown at a rate five times faster than the national average.

Who Participates Is Changing

- **Senior Entrepreneurs:**

The number of seniors starting businesses is substantial and growing. The percentage of individuals age 62 and older starting a business increased from 4.2 percent in 1988 to 5.4 percent in 2015.

The increase in senior entrepreneurs is attributed to a number of factors, including corporate downsizing, an increasing desire among older workers for more personal fulfillment in their lives, and growing worries among seniors that they need to earn additional income to pay for future health care services and other expenses.

Economic Effects

- Entrepreneurial ventures can contribute through:
 - Innovation and productivity
 - New jobs and specialized skills
 - Competition and market renewal
 - New industries, exports, and supply chains
 - Regional resilience
- Impact varies across ventures and contexts.

Effects on Society

- Entrepreneurship changes how people live, work, learn, communicate, travel, shop, and receive care.
- Its effects can be positive or negative. A new solution may improve access and convenience while also creating concerns about privacy, labor conditions, inequality, safety, or environmental cost.

Responsible Entrepreneurship

- Ask four questions:
 - Who benefits and who may be harmed?
 - Is the solution safe, fair, and transparent?
 - What data or resources does it consume?
 - Can unintended effects be reduced?
- Ethical judgment belongs inside the entrepreneurial process.

The Entrepreneurial Ecosystem

- A venture is shaped by its entrepreneurial ecosystem: the interconnected people, institutions, resources, and culture surrounding entrepreneurial activity.
- Key elements include entrepreneurs, customers, universities, incubators, investors, government, professional services, infrastructure, networks, and social norms.

Prototype Before You Perfect

- A prototype is an early representation of a solution used to learn. It may be a sketch, storyboard, mock-up, sample, role-play, landing page, or limited service trial.
- The goal is not to look finished. The goal is to test a critical assumption quickly, cheaply, and ethically.

The Entrepreneurial Process

- A useful four-stage view is:
 1. Decide to become an entrepreneur.
 2. Develop and evaluate a promising idea.
 3. Move from the idea to a firm.
 4. Manage and grow the firm.
- Learning often sends the entrepreneur back to revise earlier decisions.

The Entrepreneurial Process

Using the same food preservation example, the venture can move through the four stages in a disciplined way.

1. Decide

Purpose
Capabilities
Acceptable risk

2. Develop

Customer interviews
Prototype
Feasibility

3. Move to firm

Brand and channel
Pricing
Suppliers

4. Manage & grow

Feedback
Cash flow
Repeat purchase

- Stage 1 — Decide:
 - Examine motivations, goals, capabilities, and acceptable risk.
- Stage 2 — Develop:
 - Identify a problem or change.
 - Generate a solution.
 - Test whether the idea is an opportunity.
 - Conduct feasibility analysis.

- Stage 3 — Move toward a firm:
 - Design the business model, plan, team, legal form, financing, and launch.
- Stage 4 — Manage and grow:
 - Acquire customers, build operations, lead people, manage cash, measure results, and choose whether and how to scale.

Apply the Lecture

- Choose one everyday problem:
 1. Who experiences it, and why does it matter?
 2. What solution might create value?
 3. What evidence would show a real opportunity?
 4. What resources do you already control?
 5. What small, ethical test could you run?
- Key lesson: entrepreneurship is disciplined action under uncertainty.



Thank You

