

Entrepreneurship: Successfully Launching New Ventures

Sixth Edition, Global Edition



Chapter 1

Introduction to *Entrepreneurship*

What Is Entrepreneurship?

- Academic Definition (Stevenson and Jarillo)
 - Entrepreneurship is the process by which **individuals pursue opportunities** without regard to **resources** they currently control.
- Alternative Definition (non academic)
 - Entrepreneurship is the art of turning an idea into a business.
- Explanation of What Entrepreneurs Do
 - Entrepreneurs assemble and then integrate all the resources needed – the money, the people, the business model, the strategy – to transform an invention or an idea into a viable business.

Corporate Entrepreneurship (1 of 2)

- Corporate Entrepreneurship
 - Is the conceptualization of “entrepreneurship” at the firm level.
 - It is about encouraging through concrete initiatives employees to act «entrepreneurally»
 - All firms fall along a conceptual continuum that ranges from highly conservative to highly entrepreneurial.
 - The position of a firm on this continuum is referred to as its entrepreneurial intensity.

An example of Corporate Entrepreneurship



Click!

Corporate Entrepreneurship (2 of 2)

Entrepreneurial Firms

- Proactive
- Innovative
- Risk taking

Conservative Firms

- Take a more “wait and see” posture
- Less innovative
- Risk averse

Question	Average (2018)	Average (2016)
A career as entrepreneur is attractive for me.	4.3	4.7
Question	Average (2018)	Average (2016)
I am determined to create a business in the future.	4.1	3.8



For the ones that would like to become an entrepreneur...

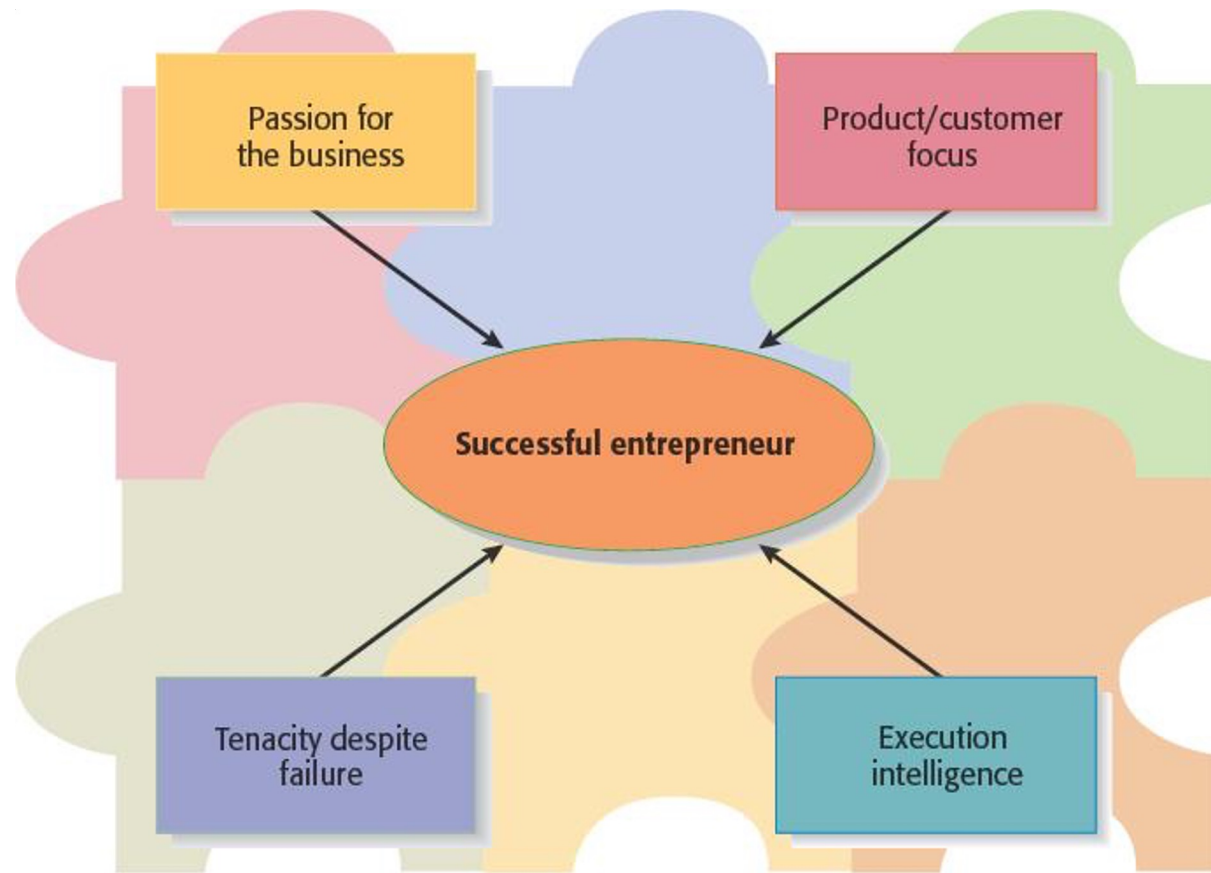
- Why would you like to do so?

Why Become an Entrepreneur?

- The three primary reasons that people become entrepreneurs and start their own firms.
 - **Desire to be their own boss:** positive attitudes (long-time ambition) or contextual negative perceptions (frustration in the workplace) both account
 - **Desire to pursue their own ideas** (especially when not recognized in the workplace -> NEST and APPLE)
 - **Financial rewards:** secondary and overestimated

Characteristics of Successful Entrepreneurs

Figure 1.1 Four Primary Characteristics of Successful Entrepreneurs



Characteristics of Successful Entrepreneurs

- **Passion for the Business**

- Passion could come from a **hobby** or a **cultural interest** of the founder
- But it can stem from the entrepreneur's belief that the business will **positively influence people's lives** (especially for social businesses)

Five primary Reasons why Passion is important

1. The ability to learn and iterate
2. A willingness to work hard for an extended period of time
3. Ability to overcome setbacks and “no's”
4. The ability to listen to feedback on the limitations of your organization and yourself
5. Perseverance and persistence when the going gets tough

Characteristics of Successful Entrepreneurs

- **Product/Customer Focus**

- **Products and customers:** two most important elements in any business
- Product/customer focus is not just “product” focus!
It’s the **ability to walk in the shoes of customers**
- This is one of the main difficulty for wannabe entrepreneurs
- Spot product opportunities and see them through to competition

Characteristics of Successful Entrepreneurs

- **Tenacity Despite Failure**

- Failure rates are naturally high in new ventures
- Successful entrepreneurs are able (and resilient enough) to **persevere** through **setbacks and failures**
- **Tenacity** to overcome personal and professional obstacles

Characteristics of Successful Entrepreneurs

- **Execution Intelligence**

- The ability to **fashion a solid business idea into a viable business model** is a key characteristic of successful entrepreneurs (**commercial attitude** helps here)
- A related ability is to **modify the business model** according to the changes occurring in the environment
- *“Ideas are easy. It’s execution that’s hard”* (Jeff Bezos, founder of Amazon).

Start-Up Incubators and Accelerators

- A smart way of gaining access to mentors, partners, investors, and other critical Start-Up resources
 - **Incubators:** organizations that provides start-ups with shared operating space and services
 - **Accelerators:** for-profit organizations that offer a small amount of seed founding in exchange for small equity positions in the companies that participate in their programs.
 - **The greatest advantage:** the mentorship opportunities they provide (and the network of contacts).

Common Myths About Entrepreneurs (1 of 7)

- **Myth 1: Entrepreneurs Are Born, Not Made**

- This myth is based on the **mistaken belief** that some people are **genetically predisposed to be entrepreneurs**.
- Psychological and sociological studies do not support this myth.
- Whether someone does or doesn't become an entrepreneur is a function of the **environment, life experiences, and personal choices**.

Common Myths About Entrepreneurs (2 of 7)

Although **no one is “born” to be an entrepreneur**, there are **common traits and characteristics** of successful entrepreneurs

- A moderate risk taker
- Persuasive
- Promoter
- Resource assembler/leverager
- Creative
- Self-starter
- Tenacious
- Tolerant of ambiguity
- Visionary
- Optimistic disposition
- A networker
- Achievement motivated
- Alert to opportunities
- Self-confident
- Decisive
- Energetic
- A strong work ethic

Common Myths About Entrepreneurs (3 of 7)

- **Myth 2: Entrepreneurs Are Gamblers**

- Scientific evidence **does not support** such myth.
- On the contrary, most entrepreneurs are just “**moderate**” risk takers.
- The idea that entrepreneurs are gamblers originates from ***two sources***:
 - Entrepreneurs typically have jobs that are **less structured**, and so they face a more uncertain set of possibilities than people in traditional jobs.
 - Many entrepreneurs have a strong need to achieve and **set challenging goals**, a behavior that is **often equated with risk taking**.

THE HACKATHON

Common Myths About Entrepreneurs (4 of 7)

- **Myth 3: Entrepreneurs Are Motivated Primarily by Money**
 - While it is naïve to think that entrepreneurs don't seek financial rewards, **money is rarely the reason entrepreneurs start new firms.**
 - In fact, some entrepreneurs warn that the pursuit of money can be **distracting.**

Common Myths About Entrepreneurs (5 of 7)

- **Myth 4: Entrepreneurs Should Be Young and Energetic**
 - **Entrepreneurial** activity is fairly evenly **spread out over age ranges**.
 - While it is important to be energetic, investors often cite the **strength** of the entrepreneur as their most important criterion in making investment decisions.
 - What makes an entrepreneur “**strong**” in the eyes of an investor is **industry experience, maturity and realism, reputation**, and, of course, a track record of **success**.
 - These **criteria favor older** rather than younger entrepreneurs.

Common Myths About Entrepreneurs (6 of 7)

Table 1.4 Age Distribution of Business Owners

Age	Percentage of Business Owners
20-34	24.7
35-44	22.9
45-54	26.6
55-64	25.8

Source: R. W. Fairlie, A. Morelix, E.J. Reedy, and J. Russell, 2015 *The Kauffman Index of Startup Activity: National Trends*.

Common Myths About Entrepreneurs (7 of 7)

- **Myth 5: Entrepreneurs Love the Spotlight**

- The vast majority of entrepreneurs **do not attract public attention.**
- As evidence of this, consider the following question:
“How many entrepreneurs could you name?”
 - Most of us could come up with *Jeff Bezos* of Amazon.com, *Mark Zuckerberg* of Facebook, *Larry Page* and *Sergey Brin* of Google or *Elon Musk* of Tesla.
 - But few could name the founders of many other businesses including Netflix and YouTube even though we frequently use those firms' services.

Microfoundations of Entrepreneurship

- **The aim of microfoundations**

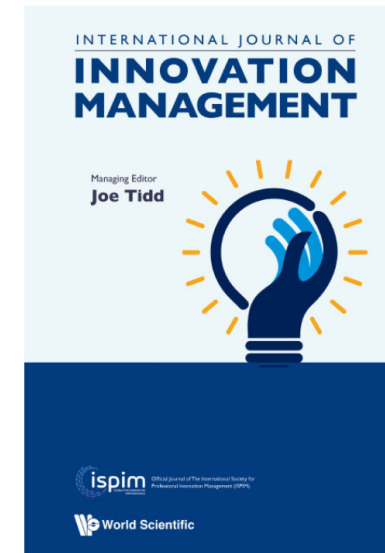
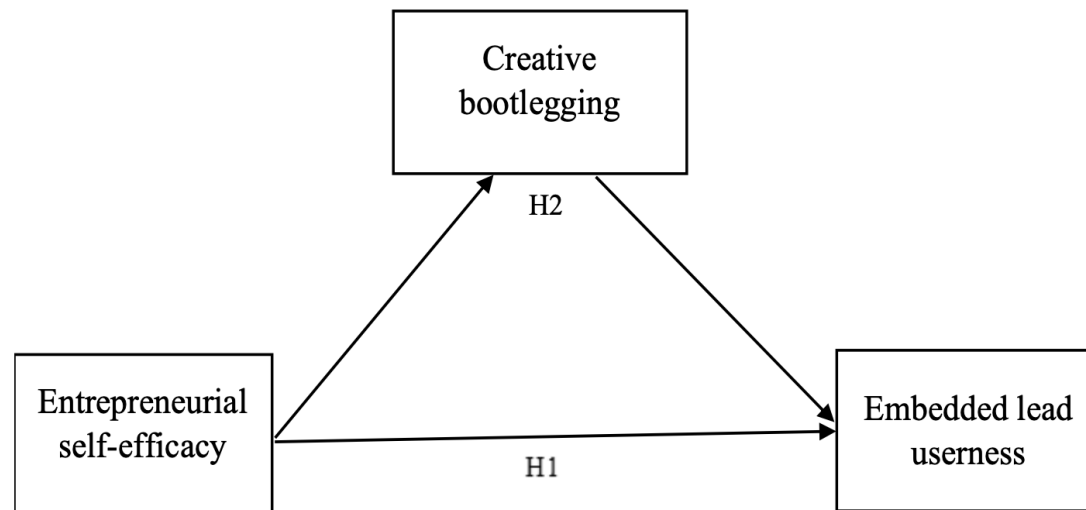
- The **principal aim** of the research on microfoundations is **understand how individual-level factors impact organizations**.
- To anchor higher-level concepts like strategies, capabilities, routines on lower levels (Felin et al., 2015).
- When analysed under the lights of the **microfoundation theory**, the success of initiatives carried out by the organisations (or start-up) are traced back to the individual's (and entrepreneur) **attitudes**, **mindsets** and **values** that trigger and shape his/her behavior at the workplace.

Microfoundations of Entrepreneurship

- **Research on microfoundations in entrepreneurship**
 - Investigating the microfoundations may allow for a better understanding of **how and why differences exist** across firms, starting from the **individual-level heterogeneity**
 - Some pieces of research on **microfoundations in entrepreneurship**:
 - entrepreneurial choice (Minniti and Bygrave, 1999),
 - entrepreneurs' ability to adapt (Bryant, 2014),
 - entrepreneurship and sustained competitive advantage (Teece, 2007).

Some research of mine on microfoundations

“EFFICACIOUSLY SMUGGLING IDEAS: UNTANGLING THE RELATIONSHIP BETWEEN ENTREPRENEURIAL SELF-EFFICACY, CREATIVE BOOTLEGGING AND EMBEDDED LEAD USERS”



International Journal of Innovation Management VOL. 25, NO. 03 No Access

EFFICACIOUSLY SMUGGLING IDEAS: UNTANGLING THE RELATIONSHIP BETWEEN ENTREPRENEURIAL SELF-EFFICACY, CREATIVE BOOTLEGGING AND EMBEDDED LEAD USERS

KHATEREH GHASEMZADEH, ALDIJANA BUNJAK, GUIDO BORTOLUZZI and MATEJ ČERNE

<https://doi.org/10.1142/S1363919621500328>

Fostering the entrepreneurial spirit in students

Indicate your level of agreement on the two questions (on a 7-points Likert scale, 1=not at all; 7=very much):

- The atmosphere at my university inspires me to develop ideas for new businesses.
- At my university, students are encouraged to engage in entrepreneurial activities.

Let's compare your scores

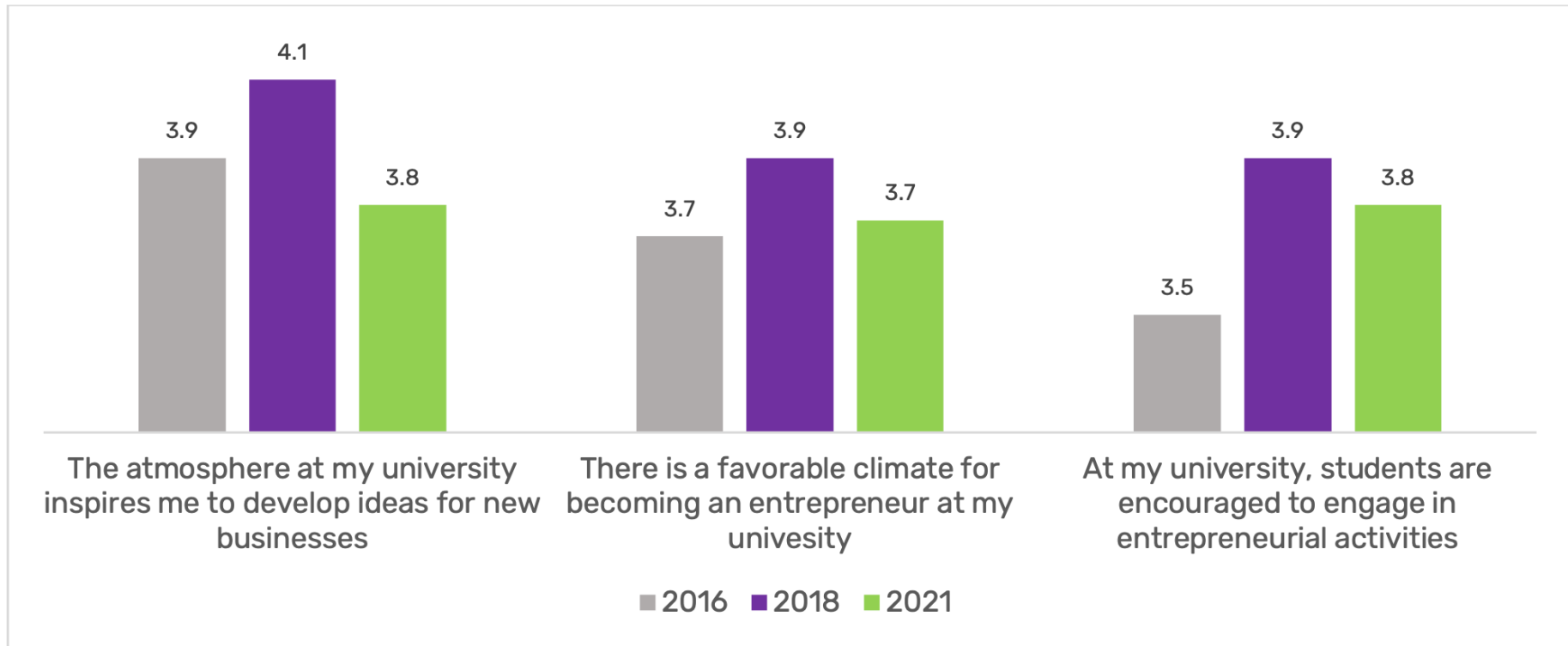
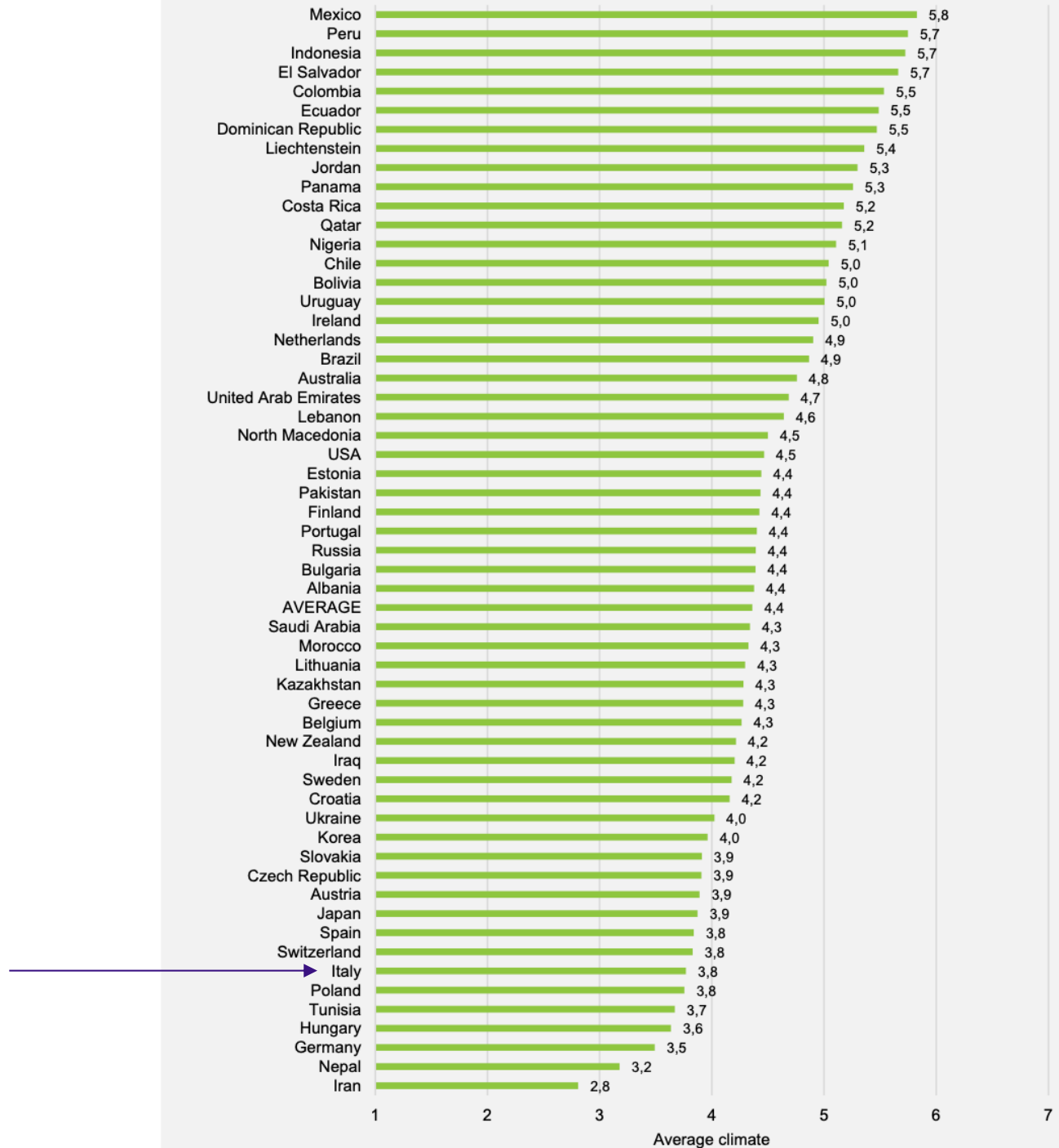


Figure 16. Average university entrepreneurial climate across countries (N=266'146)



Open discussion: how can Universities inspire students?

STUDENT ENGAGEMENT

How to Inspire Entrepreneurial Thinking in Your Students

Whether or Not They're Actually Studying Entrepreneurship

by Amy Gillett and Kristin Babbie Kelterborn

February 25, 2022



Diane Villadsen / Stocksy

Open discussion

- What should UniTS (or your university) do for:
 - Promoting/Diffusing a more favourable atmosphere for entrepreneurship?
 - Encouraging (more) students to engage (more) in entrepreneurial activities?

Your proposals

- 1. Encourage students

Create a new product – start new business in class within groups – beginning in course and working through the semester (Project based learning) – **NEXT YEAR**

Analysing challenges and problems – solve the big challenges in class – in groups – tackling the grand challenges – **OK, PROPOSE THE FORMAT AND THE CHALLENGES**

Create a contest 30% of the final grade – Voting and the winner will become the group project of the second part of the course – **OK!**

- 2. Help students think broadly and unleash their creativity
- Analyzing case studies – entrepreneur talks (visitors entrepreneurs) – WE HAVE THEM
- Students can propose a problem to solve of a problem for 30 minutes and the others need to solve it - **OK, PROPOSE THE FORMAT AND THE CHALLENGES (SEE ABOVE)**

- 4. show students what they can achieve

Sharp (**shark?**)-time (**tank?**) presentation – force students to present an idea or a solution in front of an audience – it's all about selling -

OK, PROPOSE THE FORMAT AND THE CHALLENGES

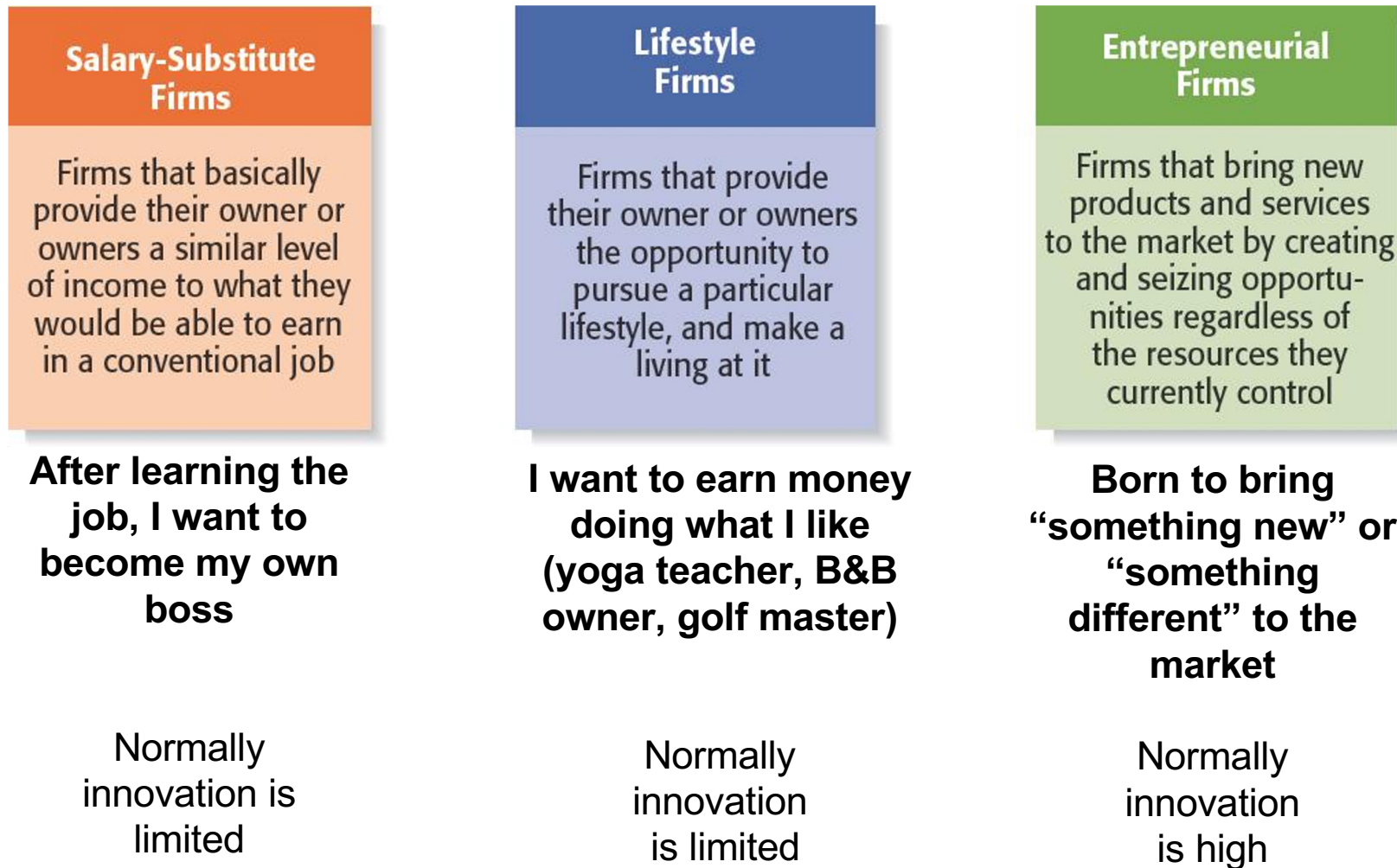
- 5. encourage you to make mistakes

Having a free bonus at the final exam – **OK, BUT ONLY IF YOU ORGANIZE THE ACTIVITIES IN GREEN ABOVE**

- 6. Communicate with students regularly to establish new ways of thinking

Platform of connecting students via LinkedIn like platform for students (Zlatan's Idea 😊) – **Already working on it, and Zlatan knows....**

Figure 1.2 Types of Start-Up Firms



A question for you: How do you see yourself after 5 years to graduation?

- An entrepreneur/consultant (working by your own)
- A manager/employee (in a multinational firm)
- A manager/employee (in a small to medium firm)
- A successor in the business run by my family
- Other

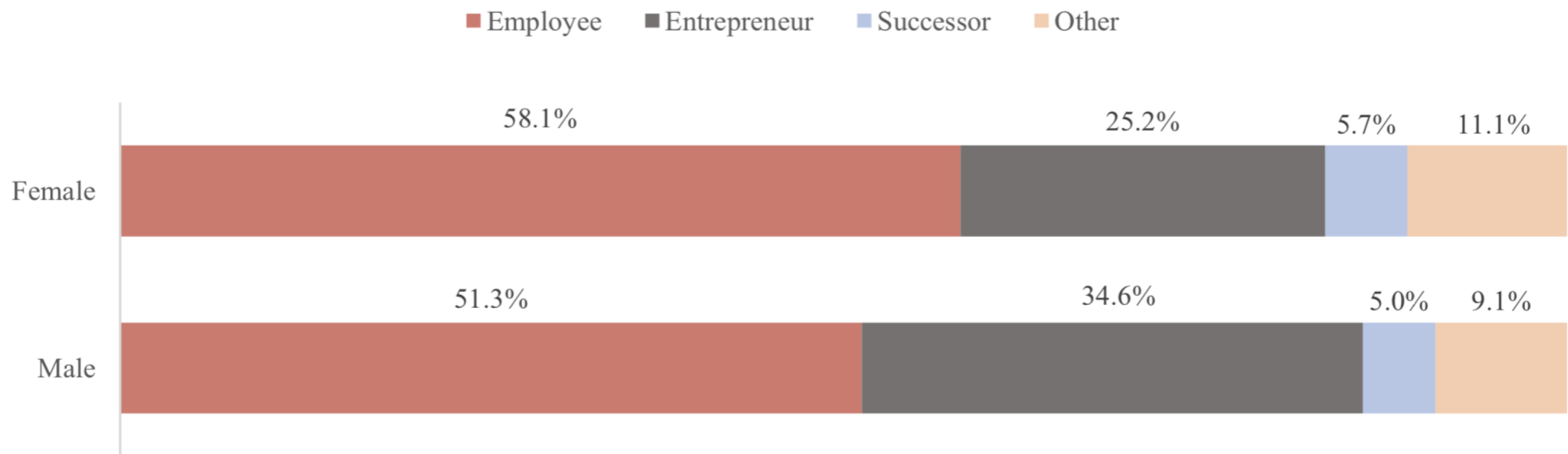


Figure 4.5 Career aspirations 5 years after studies in the Italian sample by gender (Valid responses N=7,103).

Changing Demographics of Entrepreneurs (1 of 4)

- **Women Entrepreneurs**

- While men are more likely to start businesses than women, **the number of women-owned businesses is increasing.**
- Over the past nine years, the number of women-owned businesses has grown at a rate **five times faster** than the national average in the U.S.
- **Work-life balance?** After COVID19 no more a big challenge!

Some research of mine on W/L balance and innovation

The power of balance: interplay effects of exploitative leadership style, work–family balance and family-friendly workplace practices on innovation implementation

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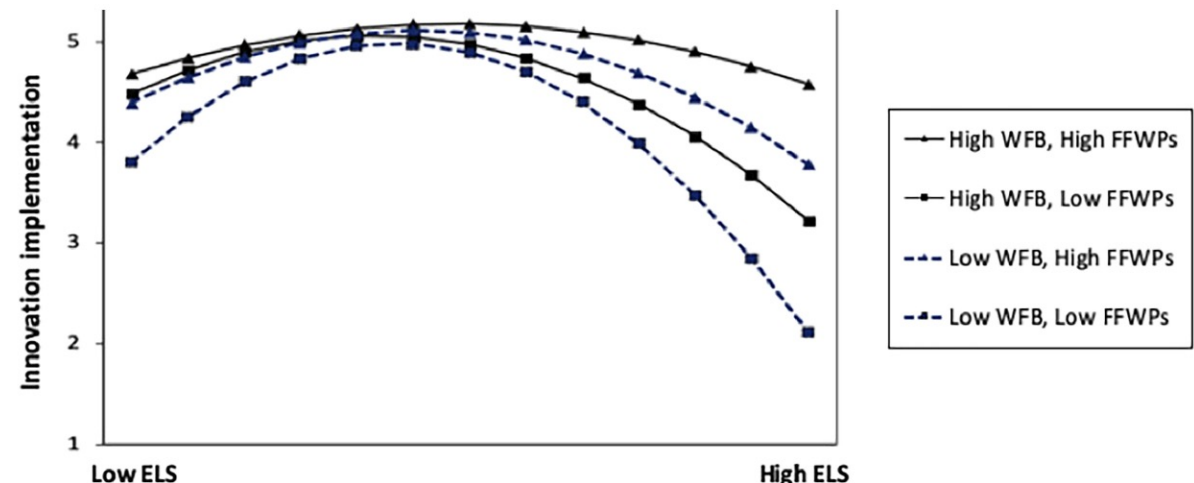
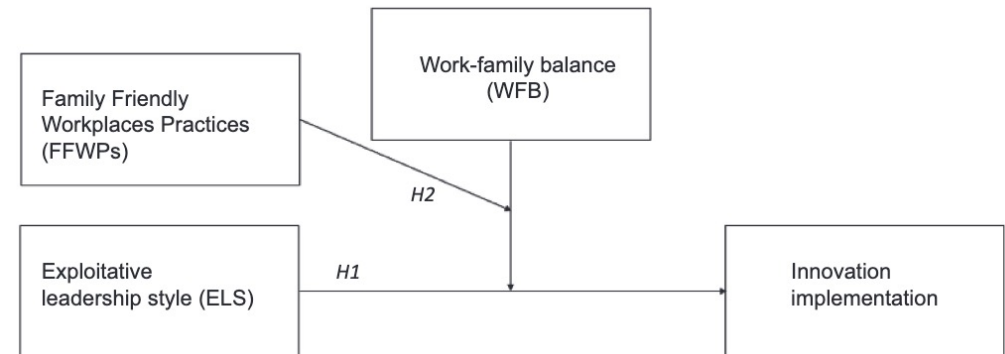
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Note(s): ELS, Exploitative Leadership Style; WFB, Work-family balance; FFWPs, Family Friendly Workplace Practices

Changing Demographics of Entrepreneurs (2 of 4)

- **Minority Entrepreneurs**

- There has been a **substantial increase** in **minority entrepreneurs** in the United States and worldwide.
- According to recent estimates, there has been a 38 percent increase since 2007 in the US.
- An important **factor facilitating** the growth of minority entrepreneurs is the number of **organizations** that **promote and provide assistance**.

Changing Demographics of Entrepreneurs (3 of 4)

- **Senior Entrepreneurs**

- The numbers of **seniors** starting businesses is **substantial and growing**.
- Many people in the **60 and older age** range have substantial **business experience, financial resources, and excellent vigor and health**.



This makes them excellent candidates to **start businesses** in many industries.

Changing Demographics of Entrepreneurs (4 of 4)

- **Millennial Entrepreneurs**

- A **desire** to pursue an **entrepreneurial career** is high among **millennials**.
- **Despite this desire**, in 2013 only **3.6 percent** of all businesses in the United States were owned by someone **under the age of 30**.
- The **biggest obstacles** preventing millennials from starting businesses are:
 - lack of finances,
 - lack of desire,
 - fear of failure,
 - lack of knowledge of the business start-up process.

Organizations that help people learn more about entrepreneurship

The example of STARTUP WEEKEND

A banner for Techstars Startup Weekend. The background is a photograph of people at a workshop, with one person pointing at a whiteboard covered in sticky notes. Purple balloons are visible in the background. The Techstars logo is in the top left, and navigation links are in the top right. Large white text on the left reads 'Techstars Startup Weekend'. On the right, four statistics are listed in large white text with their corresponding labels below them. A short description of the program is at the bottom left.

techstars_ startups corporations communities investors mission

**Techstars
Startup
Weekend**

Startup Weekend is a three-day program where aspiring entrepreneurs can experience startup life. In hundreds of cities around the world.

7K+ Programs held	150+ Countries
19K+ Community Leaders	428K+ Total participants

The positive effects of entrepreneurship and entrepreneurial firms

- **Creative destruction**

- *The theory of Economic Development* (Schumpeter, 1934)
- Entrepreneurship's importance to an economy and the society
- **Creative Destruction:** Entrepreneurs develop new products and technologies that over time make current products and technologies obsolete.
- This process is initiated most effectively by start-up ventures that improve on what is currently available
- **“Innovators” or “agents of change”**

Economic Impact of Entrepreneurial Firms

- **Innovation**

- Small innovative firms are **more productive** than larger innovative firms in terms of **patents per employee**.

- **Job Creation**

- Small businesses create a substantial number of **net new jobs** in the World.
- (but big companies are the ones that matter the most in terms of total employment...)

Entrepreneurial Firms' Impact on Society and Larger Firms

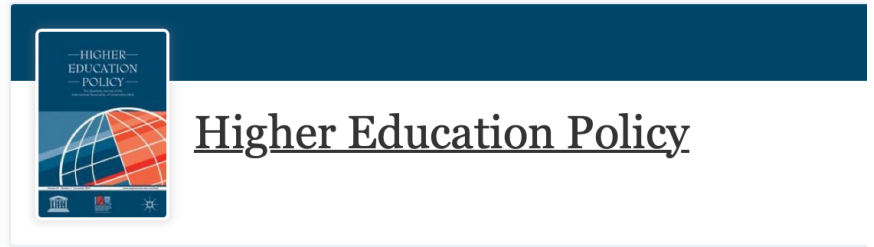
- **Impact on Society**

- The innovations of entrepreneurial firms have a dramatic impact on society, such as **new products** and services that make lives easier, **enhance productivity** at work, **improve health**, and entertain.

- **Impact on Larger Firms**

- Many entrepreneurial firms have built their entire business models around producing products and services that **help larger firms** become more efficient and effective.
- Entrepreneurial firms are sometimes founded to respond to larger firms' needs.

Do (frustrated) professors became entrepreneurs?



SHOULD I STAY OR SHOULD I GO? THE INTERPLAY BETWEEN SCIENTIFIC AND ENTREPRENEURIAL PASSION IN SHAPING THE FRUSTRATION–INTENTION RELATIONSHIP IN ACADEMIA

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Figure 1 Academics frustration and its possible outcomes scenarios

		Scientific passion	
		High	Low
Entrepreneurial passion	High	<i>Spin Off intentions</i>	<i>Startup intentions</i>
	Low	<i>Intention to leave (go to another university)</i>	<i>Intention to leave (go outside university)</i>

Forming the groups!

Group work: the start-upper identikit

PERSONALITY MAP

	10	20	30	40	50	60	70	80	90	100			
PRAGMATIC											C	D	VISIONARY
RISK AVERSE												X	RISK TAKER
REALISTIC											C	D	OPTIMISTIC
INDEPENDENT							D	C					SOCIAL
PLANNER							X						IMPROVISER

They are both quite visionary people, Diego more than Carlos. In my opinion, this is very positive because according to entrepreneurship theory, an entrepreneur must be more visionary than pragmatic to generate the product and determine the future of the company. The combination of your two visions can be very good for your company.

Both are people who take many risks. This is positive, especially for new companies, where in the early stages there are many risks and the environment is very variable. The theory of being an entrepreneur says that if you are risk averse, it is impossible to survive because of the competitors.

They are realistic, but combining this vision with a very positive character, it will surely be a competitive advantage for your company, because in the adversities they will not sink.

They are both a middle ground, and I think it is best to lead a company. This indicates the ability to know how to delegate to others, but at the same time to be independent and to be the one to take decisions.

The two agree on being average. Perhaps for a new company it is better to have a greater tendency to improvise, because there will always be something you cannot control or you will have to make a decision instantly. But it is also positive to be a planner, since anticipating mistakes is the best way not to make them or mitigate their effects.

- Starting from this first block of slides identify a set of questions to be made to our guests start-uppers (in group) in order to understand their fit with the “Four Primary Characteristics of Successful Entrepreneurs” model and especially with the “common traits and characteristics ” about entrepreneurs
- After selecting the best questions, (all together) we will prepare a draft of the survey and use it to interview the guest start-uppers during the course

Common Myths About Entrepreneurs (2 of 7)

Although **no one is “born” to be an entrepreneur**, there are **common traits and characteristics** of successful entrepreneurs

- A moderate risk taker
- Persuasive
- Promoter
- Resource assembler/leverager
- Creative
- Self-starter
- Tenacious
- Tolerant of ambiguity
- Visionary
- Optimistic disposition
- A networker
- Achievement motivated
- Alert to opportunities
- Self-confident
- Decisive
- Energetic
- A strong work ethic

Your proposals

A moderate risk taker

Do you like gambling?

How did you recover from your lowest point in life?

Resource assembler/leverager

How do you choose your collaborators? Even in the past. What are the most important methods/criteria?

Creative

When and how did you come up with your start-up idea? How did you make it real?

What's the favourite part of your job?

Tenacious

Did anyone try to discourage you? How did you react?

You have 2 options:

- a “regular” start up with high potential to grow
- “the” start up of your dream with a low potential to grow

Which one do you choose?

Did your family support you? What was their reaction to your decision?

Visionary / Optimistic disposition

How do you see the world in 20 years?

And in relation to AI impact in your sector?

When you start a new project, do you prefer asking immediately for external support? Or do you prefer exploring by yourself and then asking for support?

Your proposals

A networker

Have you ever looked for investors? If yes, how did you approach the problem?

Do you have an internal sales team?

Do you have many friends in the business world? In general, do you like networking events?

Achievement motivated

How would you describe the child you were? Who inspired you

Alert to opportunities

Are you more methodical in selecting opportunities, or do you follow your instincts and gut feelings?

Energetic

Have you ever doubted your abilities as an entrepreneur?

What do you do in your free time?

A strong work ethic

What was the biggest challenge you had to face with your start-up and how did you solve it

Is it hard for you to fire a collaborator of yours?

Tell us about a characteristic/trait of your person that you develop during the start upping and why