**Lecture 2**

**HANDOUTS**

**The Foundation of Entrepreneurship**

**What Is an Entrepreneur?**

An entrepreneur is one who creates a new business in the face of risk and uncertainty for the purpose of achieving profit and growth by identifying significant opportunities and assembling the necessary resources to capitalize on them.

In his 1911 book The Theory of Economic Development, economist Joseph Schumpeter wrote that entrepreneurs are more than just business creators; they are change agents in society.

**Characteristics of Entrepreneurs**

McClelland, identified few characteristics of entrepreneurs which are as follows:

1. **Desire for responsibility**

Entrepreneurs feel a deep sense of personal responsibility for the outcome of ventures they start. They prefer to be in control of their resources, and they use those resources to achieve self-determined goals.

**2. Preference for moderate risk**

Entrepreneurs are not wild risk takers but are instead calculated risk takers. The common belief that entrepreneurs prefer taking big risks is a myth. Successful entrepreneurs are not as much risk takers as they are risk eliminators, systematically removing as many obstacles to the successful launch of their ventures as possible. One of the most successful ways of eliminating risks is to build a viable business plan for a venture.

**3. Confidence in their ability to succeed**

Entrepreneurs typically have an abundance of confidence in their ability to succeed and are confident that they chose the correct career path. Entrepreneurs’ high levels of optimism may explain why some of the most successful entrepreneurs have failed in business—often more than once—before finally succeeding.

**4. Desire for immediate feedback**

Entrepreneurs enjoy the challenge of running a business, and they like to know how they are doing and are constantly looking for feedback. The feedback they receive from their businesses drives them to set higher standards of performance for their companies and themselves.

**5. High level of energy**

Entrepreneurs are more energetic than the average person. That energy may be a critical factor given the incredible effort required to launch a start-up company. Long hours and hard work are the rule rather than the exception, and the pace can be grueling.

Example: According to a recent survey by Bank of America, 72 percent of small business owners work more than 40 hours per week.

**6. Future orientation – Serial entrepreneurs**

Entrepreneurs have a well-defined sense of searching for opportunities. They look ahead and are less concerned with what they did yesterday than with what they might do tomorrow. Not satisfied to sit back and revel in their success, real entrepreneurs stay focused on the future whereas traditional managers are concerned with managing available resources, entrepreneurs are more interested in spotting and capitalizing on opportunities.

**Serial entrepreneurs**, those who repeatedly start businesses and grow them to a sustainable size before striking out again, push this characteristic to the maximum. The majority of serial entrepreneurs are leapfroggers, people who start a company, manage its growth until they get bored, and then sell it to start another. A few are jugglers (or parallel entrepreneurs), people who start and manage several companies at once. Serial entrepreneurs instinctively know that the process of creating a company takes time and choose to pursue several ideas at the same time. It’s almost as if serial entrepreneurs are addicted to launching businesses.

**7. Skill at organizing**

Building a company “from scratch” is much like piecing together a giant jigsaw puzzle. Entrepreneurs know how to put the right people together to accomplish a task. Effectively combining people and jobs enables entrepreneurs to transform their visions into reality.

**8. Value of achievement over money**

One of the most common misconceptions about entrepreneurs is that they are driven wholly by the desire to make money. To the contrary, achievement seems to be entrepreneurs’ primary motivating force; money is simply a way of “keeping score” of accomplishments—a symbol of achievement.

Example: Bill gates after proving himself as a successful business person he turned to philanthropic activities to do good to the society.

**9. Tolerance for ambiguity.**

Entrepreneurs tend to have a high tolerance for ambiguous, ever-changing situations, the environment in which they most often operate. This ability to handle uncertainty is critical because these business builders constantly make decisions using new, sometimes conflicting information gleaned from a variety of unfamiliar sources.

**10. Flexibility**.

One hallmark of true entrepreneurs is their ability to adapt to the changing needs and preferences of their customers and the changing demands of the business environment. In this rapidly changing global economy, rigidity often leads to failure. Successful entrepreneurs learn to be masters of improvisation, reshaping and transforming their businesses as conditions demand.

**11. Diversity.**

One characteristic of entrepreneurs stands out i.e. diversity. *Anyone* – regardless of age, race, gender, color, national origin, or any other characteristic – can become an entrepreneur (although not everyone should).

**Source:**<https://l.facebook.com/l.php?u=http%3A%2F%2F93.174.95.29%2F_ads%2FB692FAB1BC54F78DF7A33C5B82E2DC29%3Ffbclid%3DIwAR3swIS88TF1k8yqhLA0Ji7nU7bl5o_ovBLLjSf73SMD2dHWRHysWwZ2s4&h=AT0_OW0MKdFlXfjdyjZcD3fpU33RMrp02mdC9VDjKmvjaqa3PpnsSYeVhsfXfW5XvVTgT7uwVwkDrlH4fslcK1lDPyrDkZn53Gvm9IdYZXuQpBViFJW2Gp3XP1nTs_6LqdjO>