

Chapter

7

Career Option – Are You an Entrepreneur?

You may or may not be familiar with the term “entrepreneur.” Even if you are, you may have some misperceptions of entrepreneurs because there is a great deal of mythology about them. For example, it is often believed that entrepreneurs are only those who start up small business enterprises. Although initiators of small businesses are, indeed, frequently entrepreneurs, you can be an entrepreneur while involved in other activities as well. Let’s take a closer look at entrepreneurs and entrepreneurship and whether or not it is an option of interest to you. Let’s start with a quick quiz.

ENTREPRENEUR’S QUIZ*

- ① Faced with a problem, the entrepreneur is most likely to:
 - a) go to a close friend for help;
 - b) get help from a stranger who is known to be an expert;
 - c) try to work through the problem alone.

- ② The entrepreneur is most like the distance runner who runs mainly:
 - a) to work off energy and to keep in good physical condition;
 - b) to gain the satisfaction of beating other competitors in the race;
 - c) to try to better his or her previous time over the distance.

*Source: Jennings, William E. *Entrepreneurship: A Primer for Canadians*. Toronto: Canadian Foundation for Economic Education, 1985.

- 3 **Entrepreneurs are motivated most by the need to:**
 - a) achieve a goal of greater personal importance;
 - b) gain public attention and recognition;
 - c) control wealth and other people.
- 4 **Entrepreneurs believe the success or failure of a new business venture depends primarily on:**
 - a) luck or fate;
 - b) the support and approval of others;
 - c) their own strengths and abilities.
- 5 **If given the chance to earn a substantial reward, which of the following would entrepreneurs be most likely to do:**
 - a) roll dice with a one in three chance of winning;
 - b) work on a problem with a one in three chance of solving it in the time given;
 - c) do neither (a) nor (b) because the chances of success are so small.
- 6 **The entrepreneur is most likely to choose a task:**
 - a) which involves a moderate level of risk but is still challenging;
 - b) where the risks are high but the financial rewards are also very great;
 - c) which is relatively easy and the risks low.
- 7 **Money is important to entrepreneurs because:**
 - a) it allows them to develop other ideas and take advantage of other opportunities;
 - b) monetary measurements provide an objective measure of how successful they have been;
 - c) the main reason they accepted the risks of starting a new venture was to accumulate personal wealth.

ANSWERS TO QUIZ*



QUESTION 1:

Entrepreneurs do tend to be independent, self-reliant individuals. They may try to work through a problem alone. They do have a high need to achieve. But successful entrepreneurs are not so committed to the purely individual achievement of goals that they will not seek aid.

Entrepreneurship is difficult and requires the help of others. Successful entrepreneurs will seek out those who can be most helpful whether they are friends

*Source: Jennings, William E. *Entrepreneurship: A Primer for Canadians*. Toronto: Canadian Foundation for Economic Education, 1985.

or strangers. The need to achieve will likely be greater than the social need to work with friends. The best choice is (b).

**QUESTION 2:**

Entrepreneurs often have a tremendous amount of energy and drive, with a capacity to work for long hours. Good general physical health is necessary in order to withstand the stresses of running their own ventures. One of the risks they must evaluate is that their work will likely put physical, social, and emotional strains on them. Few entrepreneurs pursue initiatives for the good of their health although many seem to thrive on the work-related stress.

Entrepreneurs tend to compete against standards of achievement they set for themselves rather than standards set for them by others. Entrepreneurs are most like the runner who races to beat the clock. To achieve a new “personal best” time will likely be more rewarding than beating others. The best choice is (c).

**QUESTION 3:**

Those who are motivated by a need to gain attention, get recognition, and control others are motivated by power. They are more active in political life or large organizations where they concentrate on controlling the channels of communications both up to the top and down to the bottom so that they are more in charge. By contrast, entrepreneurs are motivated more by their need for personal achievement than personal power. Power and power recognition may be the result of success, but they are not the motivating goals. The best answer is (a).

**QUESTION 4:**

Successful entrepreneurs likely have a high level of self-confidence. They tend to believe strongly in themselves and their own abilities to achieve the goals they set. They also believe that what happens to them in their lives is determined mainly by what they themselves do. They are not reluctant to place themselves in situations where they are personally responsible for the success or failure of an operation. They will take the initiative to solve a problem and provide leadership where none existed before. The best choice is (c).

**QUESTION 5:**

The entrepreneur is thought of as a risk taker. There are many risks involved in entrepreneurial activity. But psychological testing of entrepreneurs has indicated that they are no more motivated to do something by risk than anyone else. They are not daredevils or reckless gamblers.

Successful entrepreneurs are very good at assessing the amount of risk involved in a venture and will choose to accept that risk if they feel their personal chances for success are relatively high. They may well choose to do something when the odds of success are only one in three if they believe they have the abilities and experience needed to succeed.

The entrepreneur would most likely choose (b), to work on the problem even though rolling dice is obviously less work. Entrepreneurs avoid situations where the results depend mainly on chance or the efforts of others. The opportunity for personal achievement is more important than the size of the reward offered.



QUESTION 6:

Entrepreneurs tend to be positive, optimistic types who focus their attention on their chances of success rather than the chances of failure. Individuals who fear failure tend to select tasks that are either very easy or where the risk is very high. By selecting an easy task, the chances of failure are reduced. By selecting a task with little chance of success, failure can be rationalized, "Oh well, it was just a long shot anyway." The entrepreneur avoids both extremes and selects those tasks that are challenging but where the opportunities for success are reasonably good. The best choice is (a).



QUESTION 7:

It is a popular misconception that entrepreneurs are, at heart, greedy, acquisitive individuals who enter into ventures for the purpose of accumulating personal wealth. Such a description would be more aptly applied to some promoter who's a fast buck artist.

Entrepreneurs are driven to build a venture rather than simply to get in and out in a hurry with someone else's money. They will enjoy the benefits a higher income brings but will usually spend only a portion of their gain on personal consumption. Entrepreneurs are primarily interested in the creation, not the consumption, of wealth.

So, what is entrepreneurship? The statement below provides one definition.

Entrepreneurship involves the recognition of opportunities (needs, wants, and problems) and the use of resources to implement innovative ideas for new, thoughtfully planned ventures.

Does that describe what you do? What you like to do? What you might like to do?

In considering the entrepreneurship option, it

might also be helpful to consider the contributions that entrepreneurs make to our society.

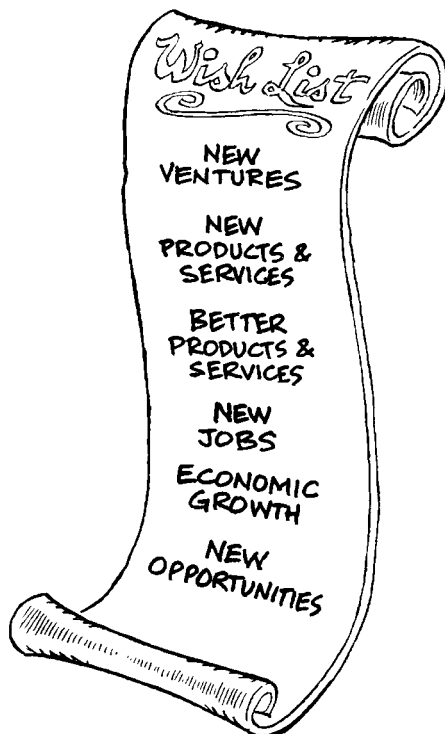
CONTRIBUTIONS OF ENTREPRENEURS TO SOCIETY

In our society, entrepreneurs:

- create new ventures that provide new, improved products and services
- find new ways of making products and services available to more people
- compete with each other to be the “best,” which improves production and keeps prices down
- create jobs in the community through their new ventures
- increase the quantity of products and services we produce in our economy (that is, help us to achieve “economic growth”) by creating new ventures
- create new opportunities for others through their initiatives and innovations
- provide a spirit of energy, initiative, and potential for progress to a community

Can you think of others? Do these spark an interest? Do they motivate you? To help you consider the entrepreneurship option, it would probably be helpful to review some of the key characteristics and skills associated with entrepreneurship. Let’s begin with the image on the following page, which illustrates what one might call an “entrepreneurial person.”

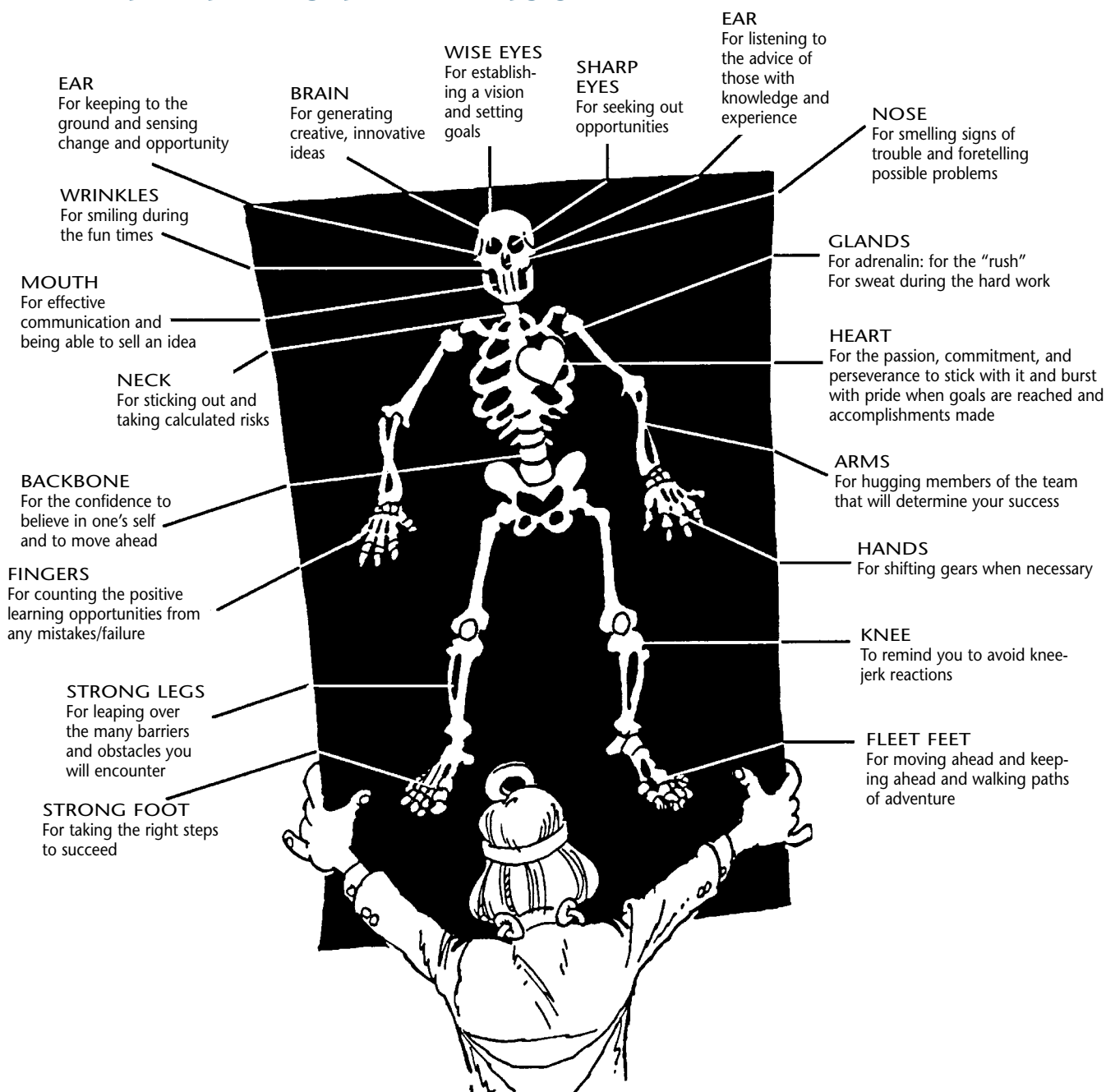
AN ECONOMY’S WISH LIST



In Search of Entrepreneurs

Identify five entrepreneurs in your community and determine the contributions each is making to the community.

ENTREPRENEURIAL PERSON



With this image in mind, let's summarize some of the key characteristics and skills that tend to be important for entrepreneurs. Note that few, if any, entrepreneurs possess all of these characteristics and skills. One entrepreneur will often form a partnership with one or more other entrepreneurs to complement his/her own talents. Alternatively, the entrepreneur may hire and employ needed talent. The key thing will be to bring as many of these characteristics and skills as possible to the venture.

CHARACTERISTICS

- A desire to be an entrepreneur
- Belief in one's ability to influence/affect events and outcomes in life
- Sense of self-confidence
- Belief in one's ability to handle most situations
- Positive self-esteem
- Belief in one's ability to achieve one's goals
- High level of self-awareness
- Passion
- Willing to act
- Willing to take initiative
- Strong sense of commitment
- Perseveres
- Focuses on change
- High drive/motivation for accomplishment
- Willing to work hard
- Willing to learn
- Ready to learn
- Willing to seek out relevant knowledge
- Willing to acquire relevant experience
- Capacity to transfer knowledge and experience
- Goal-oriented
- Creative
- Opportunity-oriented
- Willing to assume risk

SKILLS ONE SHOULD HAVE:

- Capacity to plan
- Communication
- Marketing
- Interpersonal
- Basic management
- Quantitative/analytical
- Personal effectiveness
- Team building and leadership

SKILLS ONE CAN ACCESS/EMPLOY:

- Specialized management talent
- Advanced planning
- Specialized marketing advice/services
- Recordkeeping
- Legal
- Accounting
- Research
- Technical
- Financial/financing
- Information management
- Specialized talent

“THE ENTREPRENEUR’S DOZEN”

What does an entrepreneur do? One way to answer this question is with “The Entrepreneur’s Dozen.”

- E**xamines needs, wants, and problems for which he/she feels something can be done to improve the way needs/wants are met or problems overcome.
- N**arrows the possible opportunities down to one specific opportunity.
- T**hinks of an innovative idea.
- R**esearches the opportunity and idea thoroughly.
- E**nlists the best sources of advice and assistance that can be found.
- P**lans the venture and looks for possible problems that might arise.
- R**anks the risk and the possible rewards.
- E**valuates the risk and possible rewards and makes a decision.
- N**ever hangs on to an idea, as much as it is loved, if research shows it won’t work.
- E**mploys the resources necessary for the venture if the decision is made to go ahead.
- U**nderstands that any entrepreneurial venture will take a great deal of long, hard work.
- R**ealizes a sense of accomplishment from successful ventures and learns from failed ones to achieve success in the future.



It is important to emphasize that one of the most essential ingredients of entrepreneurial success is the identification of a good entrepreneurial opportunity. An entrepreneurial opportunity is a need or want that needs to be satisfied (or that can be satisfied in a new or better way) or a problem that needs to be solved. How do entrepreneurs seek out, find, and assess potential opportunities? The following are some suggestions for you to consider.

AN ENTREPRENEURIAL SAFARI • ON THE HUNT FOR OPPORTUNITY

- SAFARI TIP #1:** Recognize patterns as they are forming. The entrepreneur has an advantage if trends, patterns, and changes are detected before others have noticed them — perhaps even before they have happened.
- SAFARI TIP #2:** Look at the small things. Many of the best opportunities lie in what has been overlooked.
- SAFARI TIP #3:** Don't overlook the obvious. There is a saying that "only a foolish mouse would hide in a cat's ear, but it is the foolish cat that fails to look there."
- SAFARI TIP #4:** Watch for good ideas that are poorly executed. Some people find the opportunities but just don't know how to take advantage of them. You may know how to.
- SAFARI TIP #5:** Combine two or more things/thoughts together. Somebody came up with the idea for combining a bar and a laundromat. Someone else came up with a coffee shop and book store. Opportunities can often arise when two things are brought together for examination and thought.
- SAFARI TIP #6:** Look for new, generally unknown information. The best information is what is new and/or generally unknown.
- SAFARI TIP #7:** Talk with people. What better way is there to identify needs, wants, and problems than by talking to people and finding out what they have to say.
- SAFARI TIP #8:** Read journals, trade magazines, and so on to keep on top of things and to gather new information that may give rise to an opportunity or idea.
- SAFARI TIP #9:** Look for what has worked elsewhere.
- SAFARI TIP #10:** Look for new ways to meet old needs and wants.
- SAFARI TIP #11:** Look for ways to overcome barriers that blocked a good idea in the past. People tend to resist change, and some other entrepreneur may have been unable to overcome the resistance to a good idea.
- SAFARI TIP #12:** Look for "left-behind" markets — leaded gas cars, older model computers, 8-track tape players, Volkswagen Beetles. As long as people continue to use certain things, they continue to have needs.
- SAFARI TIP #13:** Look for good ideas that can be improved.
- SAFARI TIP #14:** Look at "why" people buy something rather than "what" they buy. The idea is to get at what motivates people — what prompts them to buy something — what the underlying needs and wants are. Therein lie the opportunities.
- SAFARI TIP #15:** Look for new uses for old products — old tires, end pieces of lumber, record players, records.
- SAFARI TIP #16:** Look for what's not working.
- SAFARI TIP #17:** Look for unhappy, dissatisfied people. Here you will find needs and wants that are still to be addressed.
- SAFARI TIP #18:** Look for happy, contented people. Here you will find insight into what has worked and what might work better.
- SAFARI TIP #19:** Keep your eyes and ears open. There is no more important tip than this one!



Your Entrepreneurial Safari

Look around your community. What needs, wants, or problems exist? Identify five opportunities that you believe exist right in your local community.

Once you have found an opportunity, it is important to assess it. Is it a good one? Is it a great one? Is it the best one that can be found? The following represent some of the key questions to consider when assessing opportunities.

ASSESSMENT

- Actual:** It is really an opportunity?
- Seen:** Has it been seen by others?
- Selected:** If seen, have others selected it to act upon?
- Enduring:** How long will it last?
- Satisfied:** Are you satisfied that you have accurate and sufficient information?
- Specific:** Have you specifically defined the opportunity?
- Many:** Do, or will, many care?
- Experience:** Do you really know what you're doing in this area?
- Number 1:** Is it the best opportunity you can see?
- Think:** Can you come up with a good idea?



Put It to the Test

Apply this assessment activity to the opportunities you identified in Activity 7.2. Which is the best opportunity?

There you have it — a basic primer on entrepreneurship and what it takes to be an entrepreneur. Of course, there is much more, and there are many other resources that can help you.

Whether or not you choose the entrepreneurial route or the employment route, you will find yourself working in a rapidly changing economic environment. Let's take a moment to examine some of the changes that are occurring in Canada's workplace.