Entrepreneurship

Lecture 2: The Entrepreneurial Mindset
Lecture Outline

• Entrepreneurship defined

• The traits of an entrepreneur…
  • Based on Jeff Bezos, the founder of the online bookstore, Amazon.com

• Brief profiles of entrepreneurs

• Group assignment

• Personal assignment
What is entrepreneurship?

• The process of creating a business enterprise capable of:

Entering new or established markets by deploying resources and people in a unique way
Who is an entrepreneur?

• A person who creates and manages change by the **recognition of opportunities** (needs, wants, problems, and challenges)

• and manages resources

  …in order to take advantage of the opportunity and create a venture.
The entrepreneurial mindset

• An entrepreneur views needs, problems and challenges as **opportunities**.

• An entrepreneur comes up with innovative ways to deal with challenges/problems.

• An entrepreneur realizes that he/she is in the business of **creating value**.

• An entrepreneur thinks/learns ahead and consolidates opportunities before they become obvious.

• An entrepreneur is a **visionary** and a **leader**
Sees needs as opportunities

• An entrepreneur sees the problems/needs around her and sees opportunities to make profits or create value.

• Needs and problems are a blessing to the entrepreneur!

• Example
  • Your thirst is Coca-Cola’s opportunity to sell you Coke
Coca-Cola Advertisement

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Innovative ways to solve problems

• An entrepreneur is a skilled problem solver and uses the resources around him to solve problems.

• Example

  • Jeff Bezos, the founder of Amazon.com solved a problem for people who have used books but don’t know what to do with them. He created a website that allowed such people to meet online and sell used books to each other and in the process created a billion dollar company.
Jeff Bezos, Founder of Amazon.com

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Entrepreneurs create value

Entrepreneurs create value to society by:

• Increasing the number of customers served by a product/service

• Reducing the costs of a business

• Improving on the quality of products and services

• Inventing a new product or service!
How Amazon.com creates value

• Because it can be accessed online, anyone with internet access can use it

• After initial success with book swapping it began providing more services to members by selling new books, movies, electronics, etc.

• It has continually improved its website to make it as customer friendly as possible
Amazon.com vs. a Bookstore

• Amazon.com is online and open 24/7.

• Anyone who has access to the internet and a credit card is a potential customer.

• Amazon has automated customer handling processes – needs less employees and therefore has lower costs

• Amazon has millions of book titles and you can find any book you’d want from them
A forward thinker

• Before opportunities become obvious, an entrepreneur quickly moves in and consolidates his position:

• In 1994, Jeff Bezos read that the web was growing at a rate of 2,300% a year.

• He quit his job on Wall Street and started looking for a way he could benefit from the phenomenal growth

• Decided to sell books online since he noted that there were 3 million books in print in the world and there was a need to be able to organize them, search them and sell them electronically.

• He realized that it was only a matter of time before the internet spread world wide and knew he had to take a chance immediately
A Can-Do attitude

• An entrepreneur is a visionary, an optimist, a strategist, confident and very hard working.

• He/She is willing to go where others have not been and will not give up on his/her dream when others say it can’t be done.

• If an entrepreneur can’t win the game he will change the rules of the game to come up with a new solution to a problem!

• He/She is challenged by the words- “It can’t be done.”
A visionary and a leader

• Entrepreneurs lead and others follow.

• In the process they generate value for themselves and others.

• Amazon.com has created value for the millions of customers since it makes it easy for them to find books they need from the comfort of their home.

• It has also helped authors sell their books.

• In the process, Jeff becomes $4.8 Billion richer. This is equivalent to 365 Billion Ksh!
Entrepreneurs as leaders (TIE)

- Entrepreneurship is the **ONLY** source of new wealth and new productive jobs in society.
- It only takes a small part of the population, 1-2%, to become successful entrepreneurs in order to pull the whole society along.
- Throughout history, countries that have nurtured entrepreneurial culture have been the most successful and dynamic.
- Entrepreneurs are at the heart of success of modern economies.
- Society must encourage and reward entrepreneurial activities

Source: TIE: The Indus Entrepreneurs
Entrepreneurs are risk takers

• Successful entrepreneurs are not afraid of failure.

• They acknowledge failure but prepare for it.

• However, if they fail they can quickly learn from their mistakes and try again!

• Jeff Bezos quit his well-paying job in order to found Amazon.com without any guarantees of success.
Entrepreneurs as visionaries

• Jeff Bezos reads about the huge growth rate of the web.

• He makes a list of 20 commodities that he could sell on the net

• Settles on books since there is a large market that can be made easier to access and can be greatly improved upon

• As the business grows, he expands the market by selling CDs and DVDs

• Eventually he adds toys, clothes etc.

• Amazon now has 39 million customers
Michael Dell - Computers

- Founded the largest PC maker in the world out of his college dormitory.
- Built a personal wealth of more than $20 Billion US and inspired millions of entrepreneurs.
- At age 15, he tore up a computer and put it back together.
- Started selling computer parts to his friends and then grew the business.

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P. Diddy – Entertainment etc.

- After a successful music career ventured into many businesses using his celebrity status as a resource

- Interests:
  - Sean-John Clothing Company
  - Bad Boy Productions
  - Restaurants
  - Studios

- Very creative and versatile entrepreneur who has managed to create a huge net worth and is active in his community

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Kase Lawal – Oil industry

• Nigerian-American entrepreneur in the Oil and Gas exploration industry

• Camac Holdings has revenues of more than $1 billion per year

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Oprah Winfrey – Harpo Productions

- Talk-Show host of the Oprah Winfrey show
- O-Magazine
- Oxygen Media
- Personal value of more than $1 billion dollars
- She’s turned the business of counseling into major business

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Warren Buffett - Investor

- Warren Buffett is the World’s Greatest Investor

- He is Chairman and CEO of Berkshire Hathaway, an investment company which buys businesses and then increases their value

- Buffett is the second richest man in the world with a net worth of over $40billion US,

- He has built his empire slowly but steadily using time-tested investment principles
Group Assignment

- Identify a successful entrepreneur.
- How did the entrepreneur create value?
- How did the entrepreneur use the resources around her/him to satisfy needs or solve problems?

Present to the class!
Personal Assignment

• Write a one page article about something you dislike in your everyday life and find, as an entrepreneur, an innovative way to fix it

• Process:
  ● Find a need
  ● Identify an opportunity
  ● Take advantage of resources