

FUNDAMENTAL OF TECHNOPRENEURSHIP (UCSD2762)

Chapter 1 Introduction to Entrepreneurship and Technopreneurship

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**“I’m the greatest salesman in the world.
But I only show my résumé to very special people.
If you’d like to be a very special person, it will cost you \$500.”**

Chapter Objectives

1. Explain entrepreneurship, entrepreneurs and technopreneurs;
2. Discuss three main reasons people decide to become entrepreneurs;
3. Identify four main characteristics of successful technopreneurs;
4. Explain how entrepreneurs differ from businessperson;
5. Explore the relationship between entrepreneurship, technology and innovation;
6. Explain the entrepreneurial process.

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- Who?
- What?
- Why?
- Where?
- When?

Introduction

There is tremendous interest in entrepreneurship in the U.S. and around the world.

According to the 2007 GEM study, 9.6% of Americans are actively engaged in starting a business or are the owner/manager of a business that is less than three years old.

What is Entrepreneurship?

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

Why Become an Entrepreneur?

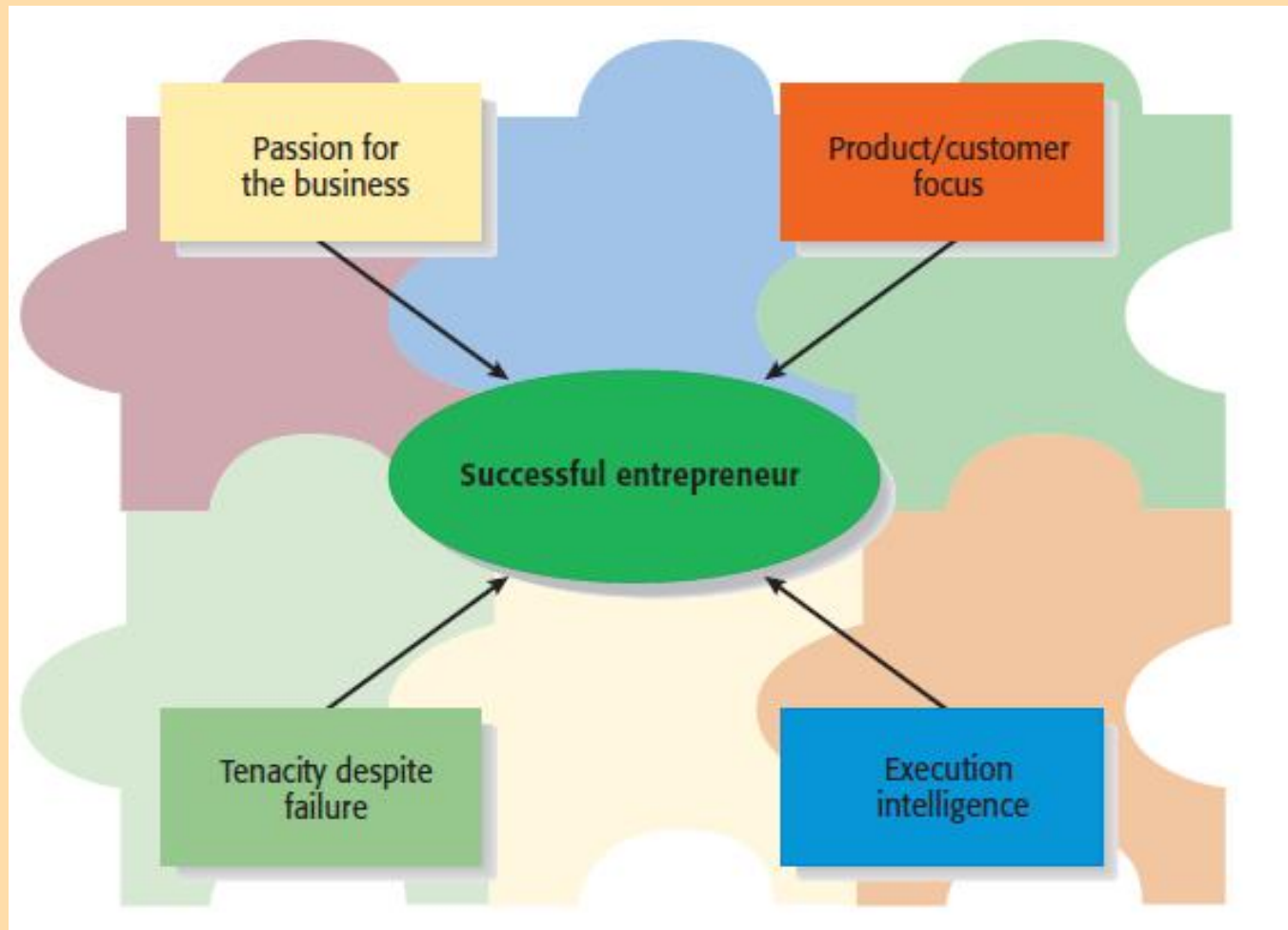


Desire to be their own boss

Desire to pursue their own ideas

Financial rewards

Characteristics of Successful Entrepreneurs



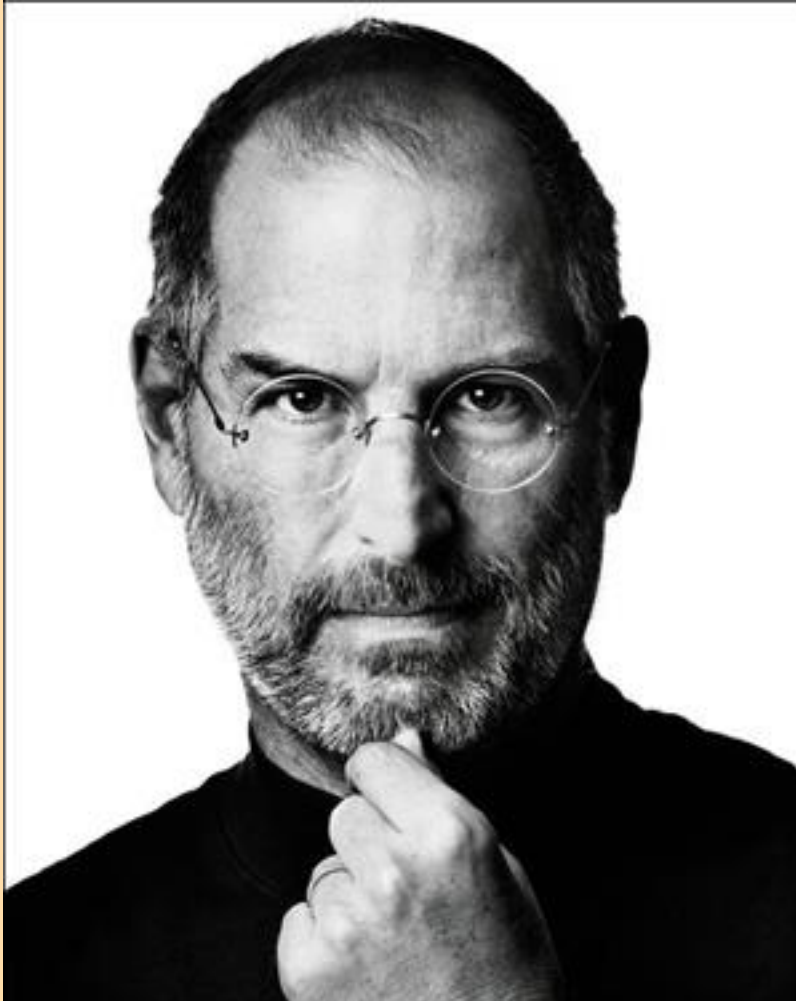
Characteristics of Successful Entrepreneurs

- **Passion for the Business**
 - Typically stems from the entrepreneur's belief that the **business will positively influence people's lives.**
- **Product/Customer Focus**
 - Typically stems from the fact that most entrepreneurs are, at heart, **craftspeople.**

Characteristics of Successful Entrepreneurs

- **Tenacity Despite Failure**
 - Because entrepreneurs are typically trying something new, the failure rate is naturally high.
 - The ability to persevere through setbacks and failures.
- **Execution Intelligence**
 - The ability to fashion a solid business idea into a viable business is a key characteristic of successful entrepreneurs.

Steve Job

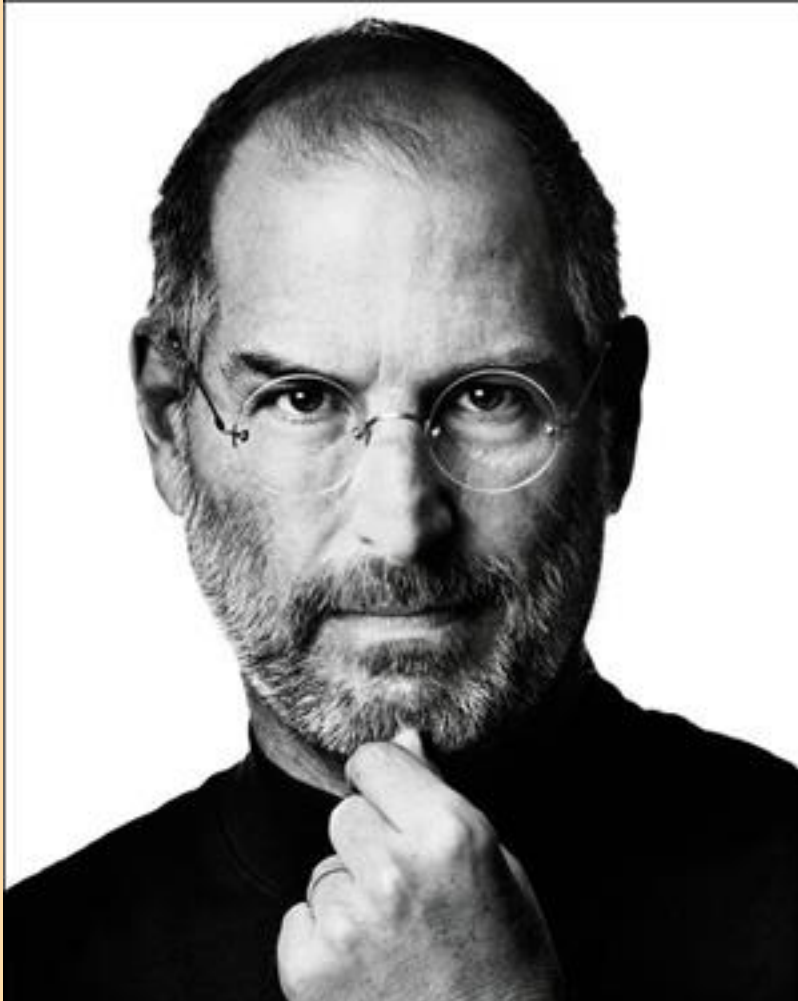


- Co-founder, chairman and former CEO of Apple Inc.
- CEO of Pixar
- Board of Director of Walt Disney
- Introduced Apple II series
- Popularized GUI
- Resigned from Apple in 1985
- Founded NeXT which later bought by Apple and re-instated as CEO
- Resigned as CEO in 2011 and appointed Chairman
- Died: Oct 5, 2011

Steve Job: Personality and Leadership Style

- 42nd wealthiest man in America
- Aggressive and very demanding
- One of Silicon Valley's leading egomaniacs
- Always aspired to position Apple and its products at the forefront of the IT industry by foreseeing and setting trends, at least in innovation and style
- Primary inventor/ co-inventor in 338 US patents

Steve Job: A Successful Entrepreneur?



- Passion for business?
- Product/ customer focus?
- Tenacity despite failure?
- Execution intelligence?

Common Myths About Entrepreneurs

- **Myth 1: Entrepreneurs Are Born Not Made**
 - This myth is based on the mistaken belief that some people are genetically predisposed to be entrepreneurs.
 - The consensus of many studies is that no one is “born” to be an entrepreneur; everyone has the potential to become one.
 - Whether someone does or doesn’t become an entrepreneur, is a function of the environment, life experiences, and personal choices.

Common Myths About Entrepreneurs

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

- Achievement motivated
- Alert to opportunities
- Creative
- Decisive
- Energetic
- Has a strong work ethic
- Is a moderate risk taker
- Is a networker
- Lengthy attention span

- Optimistic disposition
- Persuasive
- Promoter
- Resource assembler/leverager
- Self-confident
- Self-starter
- Tenacious
- Tolerant of ambiguity
- Visionary

Common Myths About Entrepreneurs

- **Myth 2: Entrepreneurs Are Gamblers**

- Most entrepreneurs are 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.

Common Myths About Entrepreneurs

- **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

- **Myth 4: Entrepreneurs Should Be Young and Energetic**
 - The most active age for business ownership is 35 to 45 years old.
 - While it is important to be energetic, investors often cite the strength of the entrepreneur as their most important criteria in making investment decisions.
 - What makes an entrepreneur “strong” in the eyes of an investor is experience, maturity, a solid reputation, and a track record of success.
 - These criteria favor older rather than younger entrepreneurs.

Types of Start-Up Firms

Salary-Substitute Firms

Firms that basically provide their owner or owners a similar level of income to what they would be able to earn in a conventional job

Lifestyle Firms

Firms that provide their owner or owners the opportunity to pursue a particular lifestyle, and make a living at it

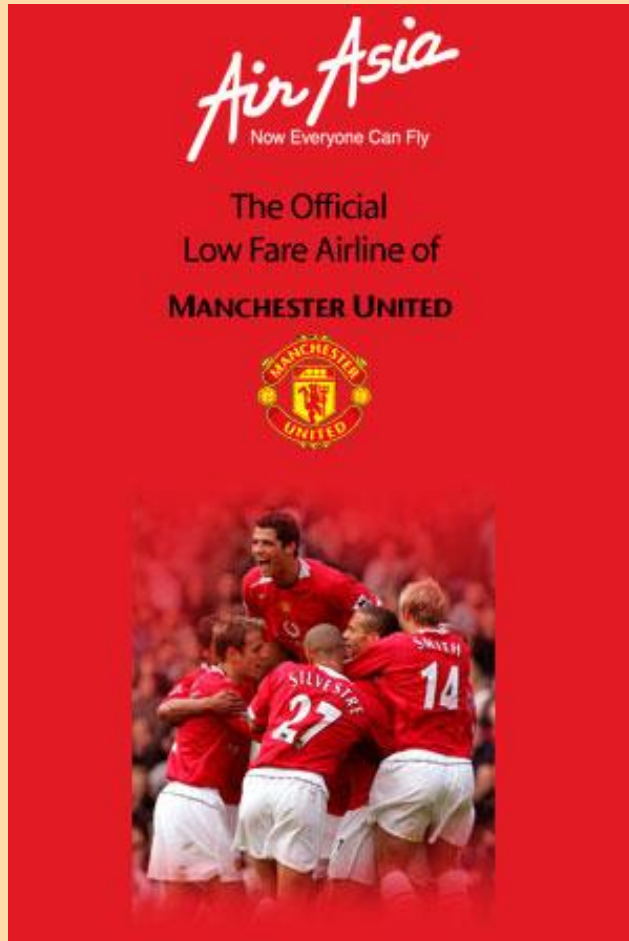
Entrepreneurial Firms

Firms that bring new products and services to the market by creating and seizing opportunities regardless of the resources they currently control

Entrepreneurs vs Businessman

Entrepreneurs	Businessman/ women
<p>Initiates, Innovates and converts an idea into a tangible products/ services</p>	<p>Follow trends and utilized a product that was created by others to meet their short-term goals</p>
<p>Creating a product/business model/services from nothing or something that does not exists.</p>	<p>Do not create products/ services.</p>
<p>Higher Risk of failure. They will not know if their new idea or a new concept is acceptable by the market.</p>	<p>Lower risk of failure as in the idea and product has been recognized by the market.</p>
<p>Looking for a Long term goal and profits – earn little from the start, multiplies by millions.</p>	<p>Focusing on Short-term profit. Earns direct cash and money by selling the product of an entrepreneur.</p>
<p>Utilizes Businessman to expand and distribute and grow their licensed product. Live at a greater cause.</p>	

The Importance of Entrepreneurship: The Story of AirAsia



Economic Impact of Entrepreneurial Firms

- **Innovation**

- Is the process of creating something new, which is central to the entrepreneurial process.
- Small firms are twice as innovative per employee as large firms.

- **Job Creation**

- In the past two decades, economic activity has moved in the direction of smaller entrepreneurial firms, which may be due to their unique ability to innovate and focus on specialized tasks.

Impact on Society and Larger Firms

- **Impact on Society**
 - Think of all the new products and services that make our lives easier, enhance our productivity at work, improve our health, and entertain us in new ways.
- **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 Process

Step 1: Deciding to become an entrepreneur.

Step 2: Developing successful business ideas.

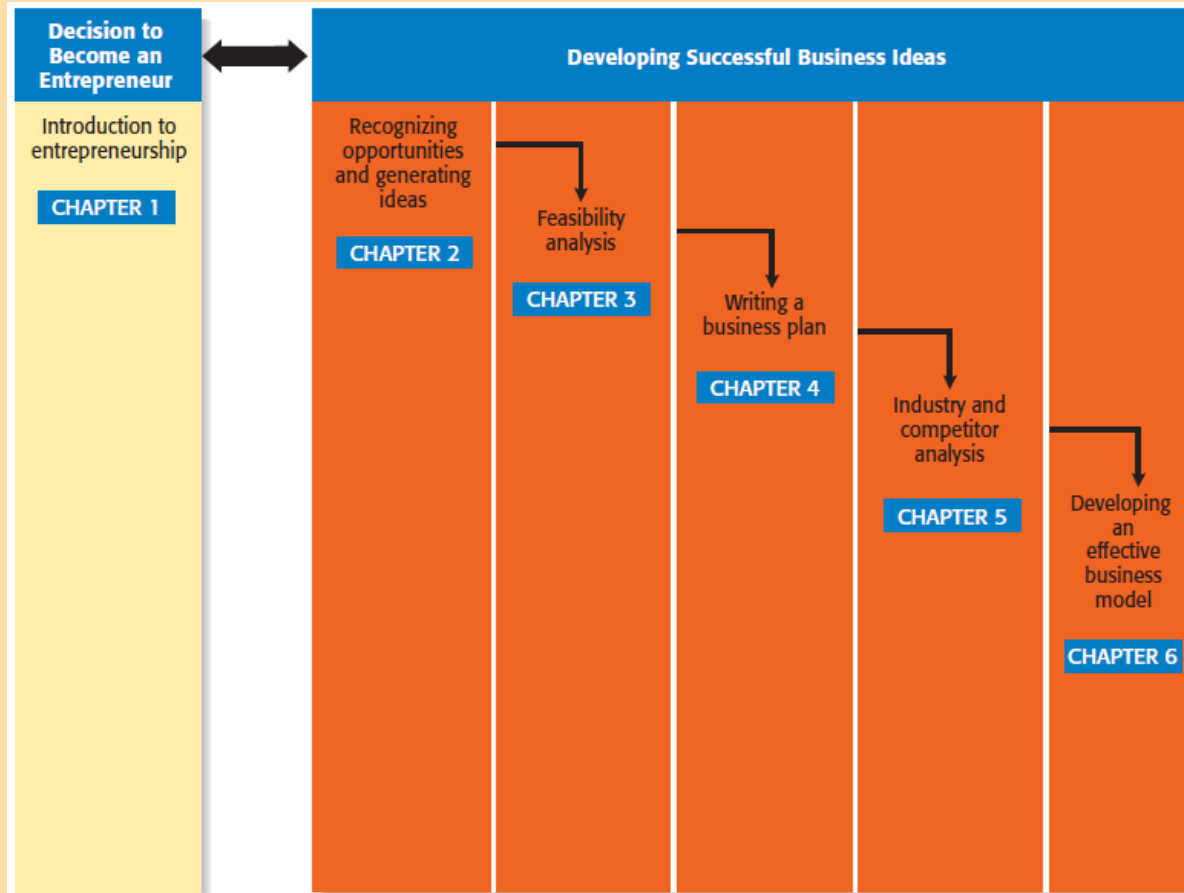
Step 3: Moving from an idea to an entrepreneurial firm.

Step 4: Managing and growing the entrepreneurial firm.

Entrepreneurial Process

Step 1

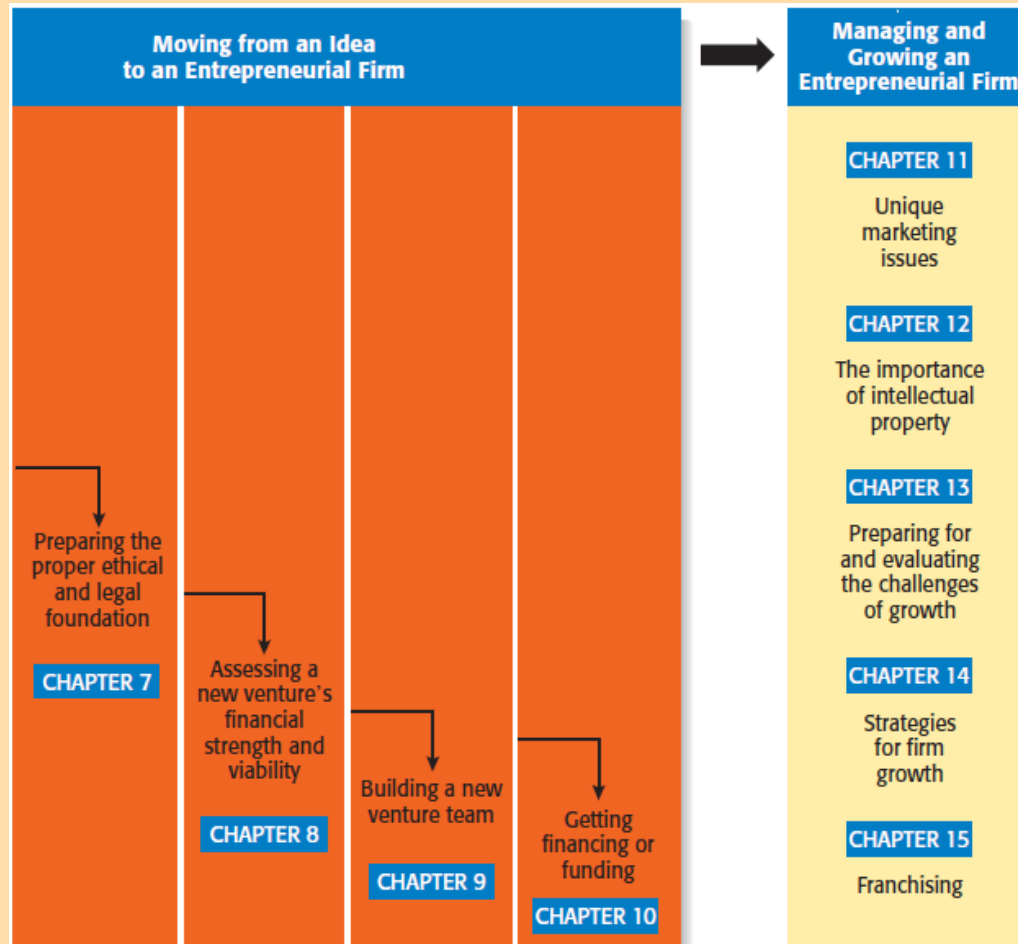
Step 2



Entrepreneurial Process

Step 3

Step 4



Summary

- What is entrepreneurship and discuss its importance;
- Reasons people decide to become entrepreneurs;
- Characteristics of successful entrepreneurs;
- Myths regarding entrepreneurship;
- How entrepreneurs differ from businessperson;
- The importance of entrepreneurship;
- Entrepreneurial process.