

# **Introduction to Entrepreneurship**



# Introduction to Entrepreneurship

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## About this edition

### Welcome to Introduction to Entrepreneurship

One or more interactive elements has been excluded from this version of the text. You can view them online here: <https://kpu.pressbooks.pub/introtoentrepreneurship/?p=4#oembed-1>

#### Transcript

Hello everyone and welcome to the introduction to entrepreneurship course. This course will give you an overview and understanding of what entrepreneurship is all about, as well as understand your own entrepreneurial potential. Regardless of your level of experience with entrepreneurs or entrepreneurial concepts, this course is for you. We will learn all about entrepreneurship as a concept, what makes entrepreneurs unique, and how we can all use entrepreneurship as a means to create positive change in our lives, and in the world around us. Throughout this course, you will explore and develop the very entrepreneurial skills that you will learn about through several activities and reflective assignments.

You will notice as you navigate through the course you have the option to learn about these concepts by either watching videos or reading the transcripts. Experiment with both and choose whichever approach works best for you, keeping in mind you are always welcome to go back and repeat the lessons and interactive activities as many times as you like.

You may also notice as you're going through the course that there are several activities and assignments. If you are completing this course as part of a formal course with a post-secondary institution, confirm with your instructor that the activities and assignments are staying the same, or if they are taking a different approach for your assignments. If you are completing this course on your own for your own learning, please feel free to complete the activities and assignments for your own benefit. By the end of this course, with your entrepreneurial skills refined, you will develop your own entrepreneurial plan to effect positive change.

Once again welcome to the course and enjoy the learning experience.

This course will introduce you to entrepreneurship as an approach to life and to create your own career. Through foundational concepts and frameworks, we will learn about entrepreneurship as a process including: entrepreneurial identity, opportunity creation and evaluation, mobilizing resources, and growth. The course is designed around the major stages in this process, and an overview of factors that are key to entrepreneurial success across industries, sectors, and roles is provided.





# Unit 1: What is Entrepreneurship?

Begin this unit by watching or reading the content below. Each Unit in this course features an introductory video that summarizes the lessons and assignments to be completed. Try to utilize this information to develop a plan of action for completing unit assignments and related learning activities as you work through the course.

## Unit 1 Introduction

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## Transcript

In this Unit, we are going to learn about the nature of Entrepreneurship, and why it matters. Entrepreneurship is a vast concept that is often misunderstood to mean something very narrow, when in fact it is quite broad and can be interpreted in many ways. This unit is built so you can learn about different perspectives about what this concept is, as well as start to build a meaningful definition of what entrepreneurship means to you. Throughout this unit you will engage in several activities and resources to learn about the nature and manifestations of Entrepreneurship in today's society; at the end of this unit, you will define what entrepreneurship means to you.

By the end of this unit you will complete the following:

## Learning Objectives

- Define entrepreneurship
- Reflect on the role entrepreneurs have in today's society
- Identify the different types of entrepreneurship
- Evaluate the relevance of different types of entrepreneurship



# 1 Defining Entrepreneurship

## Task Summary:

- [Lesson 1.1.1: Defining Entrepreneurship](#)
  - [Lesson 1.1.2: Entrepreneurial Themes](#)
  - [Activity 1.1.1: Read/Watch/Listen](#)
  - [Activity 1.1.2: Journal Entry](#)
- 

## Learning Outcomes:

- Define entrepreneurship
- Reflect on entrepreneurial themes
- Review approaches to entrepreneurship

Begin this module by completing the lessons below. Many of the lessons in this course provide options to either watch or read the content in addition to working through brief lesson activities like multiple-choice questions to check your understanding. Work through each module in a linear fashion, beginning with the lessons and ending with the learning activities towards the bottom of the page.

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## Lesson 1.1.1: Defining Entrepreneurship

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<https://kpu.pressbooks.pub/introtoentrepreneurship/?p=5#h5p-23>

## Transcript

What exactly is entrepreneurship and who comes to mind when you think of someone who is entrepreneurial? Is it someone who goes on Dragon's Den? Could it be the impassioned student who starts a non-profit to clean up the oceans? What about the uber eats driver who drops off tacos at your front door? There are a few common threads with all of these ideas and roles, some of which are believing in something or someone, having a passion for something awesome, and are committed to progress and making things happen. Would you want to have a life full of belief, passion, and progress? If so, you may be an entrepreneur!

Entrepreneurs are everywhere and they are a key part of our society. To start off, we will wrap our minds around, and define, the spirit of entrepreneurship. With our definition in mind, we will reflect on the role entrepreneurs have in our world, the different types of entrepreneurs, and their relevance.

While there may be some stereotypical views of who an entrepreneur is and what entrepreneurship is all about, the spirit of entrepreneurship is much broader than someone taking out a loan to start a business or going onto Dragon's Den to solicit investor funding. Entrepreneurs are everywhere, in all industries, facilitating changes to enhance the lives of themselves and others.

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<https://kpu.pressbooks.pub/introtoentrepreneurship/?p=5#h5p-45>

Let's have a look at and consider some quotes from some really smart people about what they have to say about entrepreneurship:

"Whilst there is no universally accepted definition of entrepreneurship, it is fair to say that it is multidimensional. It involves analyzing people and their actions together with the ways in which they interact with their environments, be these social, economic, or political, and the institutional, policy, and legal frameworks that help define and legitimize human activities". (Blackburn, 2011, p. xiii).

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<https://kpu.pressbooks.pub/introtoentrepreneurship/?p=5#h5p-46>

"Entrepreneurship involves such a range of activities and levels of analysis that no single definition is definitive" (Lichtenstein, 2011, p. 472).

"[Entrepreneurship] is complex, chaotic, and lacks any notion of linearity. As educators, we have the responsibility to develop our student's discovery reasoning and implementation skills so that they may excel in highly uncertain environments" (Neck and Greene, 2011, p. 55).

An interactive H5P element has been excluded from this version of the text. You can view it online here:

<https://kpu.pressbooks.pub/introtoentrepreneurship/?p=5#h5p-47>

"An entrepreneur can be described as 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" (Zimmerer & Scarborough, 2008, p. 5).

"An entrepreneur is one who organizes manages and assumes the risk of a business or enterprise" (Entrepreneur, n.d.).

An interactive H5P element has been excluded from this version of the text. You can view it online here:

<https://kpu.pressbooks.pub/introtoentrepreneurship/?p=5#h5p-48>

When trying to define entrepreneurship we might think of a person who undertakes the activities needed to start a business however given the diverse perspectives listed above that have nothing to do with starting a for-profit business it would seem that there is no hard and fast rule on the definition of entrepreneurship and it certainly isn't narrow enough to only reflect those activities completed to start a for-profit business.

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### Lesson 1.1.2: Entrepreneurial Themes

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<https://kpu.pressbooks.pub/introtoentrepreneurship/?p=5#h5p-24>

## **Transcript**

After identifying about 90 attributes associated with entrepreneurship, Gartner (1990) went back to the entrepreneurs and other experts for help in clustering the attributes into themes that would help summarize what people concerned with entrepreneurship thought about the concept. He ended up with the following entrepreneurship themes:

### ***The Entrepreneur***

The entrepreneur theme is the idea that entrepreneurship involves individuals with unique personality characteristics and abilities (e.g., risk-taking, locus of control, autonomy, perseverance, commitment, vision, creativity). Almost 50% of the respondents rated these characteristics as not important to a definition of entrepreneurship (Gartner, 1990, p. 21, 24). The question that needs to be addressed is: “Does entrepreneurship involve entrepreneurs (individuals with unique characteristics)?” (Gartner, 1990, p. 25).

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<https://kpu.pressbooks.pub/introtoentrepreneurship/?p=5#h5p-49>

## **Innovation**

The innovation theme is characterized as doing something new as an idea, product, service, market, or technology in a new or established organization. The innovation theme suggests that innovation is not limited to new ventures, but is recognized as something which older and/or larger organizations may undertake as well (Gartner, 1990, p. 25). Some of the experts Gartner questioned believed that it was important to include innovation in definitions of entrepreneurship and others did not think it was as important. (Gartner, 1990, p. 25).

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<https://kpu.pressbooks.pub/introtoentrepreneurship/?p=5#h5p-50>

## **Organization Creation**

The organization creation theme describes the behaviors involved in creating organizations. This theme described acquiring and integrating resource attributes (e.g., Brings resources to bear, integrates opportunities with resources, mobilizes resources, gathers resources) and attributes that described creating organizations (new venture development and the creation of a business that adds value). (Gartner, 1990, p. 25). The question that needs to be addressed is: “Does entrepreneurship involve resource acquisition and integration (new venture creation activities)?” (Gartner, 1990, p. 25).

An interactive H5P element has been excluded from this version of the text. You can view it online here:  
<https://kpu.pressbooks.pub/introtoentrepreneurship/?p=5#h5p-51>

## **Creating Value**

This theme articulated the idea that entrepreneurship creates value. The attributes in this factor indicated that value creation might be represented by improving an organization (this could be a business, a non-profit, a charity,

or a small group changing the world), creating a new organization, growing an organization, creating wealth, or destroying the status quo. (Gartner, 1990, p. 25).

An interactive H5P element has been excluded from this version of the text. You can view it online here:  
<https://kpu.pressbooks.pub/introtoentrepreneurship/?p=5#h5p-52>

### ***Uniqueness***

This theme suggested that entrepreneurship must involve uniqueness. Uniqueness is characterized by attributes such as a special way of thinking, a vision of accomplishment, the ability to see situations in terms of unmet needs, and creates a unique combination. (Gartner, 1990, p. 26).

An interactive H5P element has been excluded from this version of the text. You can view it online here:  
<https://kpu.pressbooks.pub/introtoentrepreneurship/?p=5#h5p-53>

Entrepreneurship is many things to many people and it involves doing certain things, having certain skills and characteristics, as well as having access to resources that can (and should) be leveraged across all industries and types of organizations.

### **Entrepreneurial Approaches**

One final way to look at entrepreneurship is through the approaches that are taken to improve one's life and the world around them. As a starting point, here are the four main approaches to entrepreneurship adapted from Gartner's attributes:

#### **1. Innovate**

1.1 Definition: Innovation involves creatively solving problems and seeing solutions where they are not readily apparent.

#### **2. Start a business**

2.1 Definition: Starting a business can be for something large or small and can involve many people or just one, The two things that makes starting a business unique from other types of organizations are they need to provide some kind of product or service and the intent is to bring in more money then just covering costs (i.e. to profit).

#### **3. Improve something from within**

3.1 Definition: Things are rarely perfect from the get-go, nor are they perfect as the world grows and changes! Making improvements within existing organizations to enhance efficiency and effectiveness can be not only valuable, but sometimes necessary for the well being of an organization!

#### **4. Create of a non-profit organization**

4.1 Definition: non-profit organizations provide products and services, but the intent is to only charge enough money to cover the costs associated with that provision. Typically organizations like this provide some kind of social service and can be registered (or non-registered) non-profits, social enterprises, and charitable organizations

Keep these in mind as we will go into more detail on what these look like later on in the course and use these for your simulation work in Unit 3.

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### Activity 1.1.1: Read/Watch/Listen – Reflect

In Unit 2 we will learn about entrepreneurial skills, one of which is resource gathering. To get a head start on practicing your entrepreneurial resource gathering and innovation skills, your task is to search through the resources linked below to identify an entrepreneur who emulates the themes you have learned about and had success living out the definition of entrepreneurship you have started to craft throughout this module.

Reflect on the theme that appeals to you the most, and your draft definition of entrepreneurship, and reflect on how the theme and definition have both enabled the success of this individual, and how you might be able to create your own success using this theme and your definition as an entrepreneur over the next 18 months.

The key steps are:

1. Research the links below
2. Identify an entrepreneur from these resources you admire
3. Reflect on what entrepreneurial theme from Lesson 2 within which they have had success
4. Reflect on how their success relates to your own draft definition of entrepreneurship (does it change it? support it? why?)
5. Reflect on how you can create your own success using the theme and your definition of entrepreneurship over the next 18 months

### Resources:

- Read this article on [9 Entrepreneurs Tell Their Stories of Pivoting 180 Degrees to Start New Careers](#)
  - Read this article on [30 Entrepreneurs who are Changing the World](#)
  - Read this article on [Top 20 Most Famous Entrepreneurs in the World](#)
  - Watch this video on [50 Entrepreneurs Share Priceless Advice](#)
- 

### Activity 1.1.2: Journal Entry

\*See homepage note for reflective writing resources\*

So often when we go through learning, particularly in a formal educational setting, we get through the material as quickly as we can, and oftentimes don't remember half of what was covered! Journaling can be a really powerful way to learn because it gets us to pause and reflect not only on what we have learned but also on what it means to us. Journaling makes meaning of material in a way that is personal and powerful.

It's time to reflect on your Module 1 learning experience. . Part of being an entrepreneur requires a notable degree of self-reflection and self-awareness. This journal entry is all about the learning experience that you have had thus far. Identify your learning strengths, and what has come easily to you as you have gone through the first module of the course. Also, identify the areas which you want to strengthen and improve on from a learning perspective. Keep in mind this journal entry is not about the content you have learned, but rather how you have learned, and the Learning Experience. This is intended to help you better understand yourself as a learner, which is really important as you go through not only this course but also the rest of your education. Your journal entries should be either 300 to 500 written words or a video that is approximately 5 minutes.

Using your own experience and the course material, reflect in your journal (blog, vlog, etc) on all of the following prompts for this module:

- Key Concepts you have learned that help you better understand entrepreneurship
- Concepts that were easy to understand and why
  - If there was not a particular concept that was easy to understand, reflect on why this was the case
- Concepts that were difficult to understand and why
  - If there was not a particular concept that was difficult to understand, reflect on why this was the case

Next, create a rough draft definition of entrepreneurship (aim for one or two sentences).

Media Attributions

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Text Attributions

The quotes and parts of the opening paragraph sections are adapted from the “[Entrepreneurship and Innovation Toolkit, 3rd Edition](#)” by L. Swanson (2017) [CC BY-SA](#)

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Blackburn, R. (2011). Foreword. In L. P. Dana (Ed.), *World Encyclopedia of Entrepreneurship*. Cheltenham, UK: Edward Elgar Publishing Limited.

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## 2 The Role Entrepreneurs have in Today's Society

### Task Summary:

- [Activity 1.2.1: Motivating Entrepreneurs](#)
  - [Lesson 1.2.1: Entrepreneurial Scenarios](#)
  - [Activity 1.2.2: Read, Watch, Listen – Reflect](#)
  - [Activity 1.2.3: Journal Entry](#)
- 

### Learning Outcomes:

- Reflect on the role entrepreneurs have in today's society
- Consider how the role of entrepreneurs impacts the definition of entrepreneurship
- Research the impact of entrepreneurial success
- Analyze an entrepreneurial scenario

Now that you have a foundational grasp of entrepreneurship, let's look into the various roles of entrepreneurs. Who are some of the entrepreneurs that come to mind when you think of the definition you developed at the end of the last module? Who are these people and what kind of impact have they had on industry or their local environment?

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### Activity 1.2.1

Prior to working through the rest of this module, go through the readings below (or conduct your own research) to locate an entrepreneur (different from the one you discussed in Activity 1.1) that motivates you, and consider the following prompts:

Readings:

- [9 Entrepreneurs Tell Their Stories of Pivoting 180 Degrees to Start New Careers](#)
- [Top 20 Most Famous Entrepreneurs in the World](#)
- [30 Entrepreneurs who are Changing the World](#)

Prompts:

- What makes them an entrepreneur?
  - Why do they inspire you?
  - How well do they fit your definition of entrepreneurship from the last module?
  - Does this example make you want to change your definition of entrepreneurship? If so, why? Edit your written definition of entrepreneurship if updates make sense.
- 

### Lesson 1.2.1: Entrepreneurial Scenarios

An interactive H5P element has been excluded from this version of the text. You can view it online here:  
<https://kpu.pressbooks.pub/introtoentrepreneurship/?p=50#h5p-25>

#### Transcript

In this video, we look at an entrepreneurial scenario to get you started with entrepreneurial problem-based thinking. Consider the following situation. You're wanting to spend your summer at the beach. You and your friends are all spending your time there, perhaps you're working at an ice cream stand or something, and so you're spending your breaks going into the water in the ocean, but to get from the stand over to the ocean the sand is so hot. It's in the middle of the day, your feet are burning and so are your friends. What kind of opportunity do you think can stem out of this? Something that you could create value for yourself and for others? (note: do not look beyond the question box until you have provided your answer!).

An interactive H5P element has been excluded from this version of the text. You can view it online here:  
<https://kpu.pressbooks.pub/introtoentrepreneurship/?p=50#h5p-26>

Great choice! Developing sandals is an excellent opportunity and way to create value for yourself and others. So if that's what you're going to do, what are some of the things that you need to do, the steps that you need to take, and maybe the resources that you need to gather to actually make this happen? And then once it happens, how do you sustain it and grow it?

Consider this example of two "classic" (i.e. starting a business) entrepreneurs and the impact they have had on the world around them:

Brothers Fernando and Santiago Aguirre exhibited entrepreneurial tendencies at an early age. At 8 and 9 years old respectively, they sold strawberries and radishes from a vacant lot near their parents' home in Plata del Mar on the Atlantic coast of Argentina. At 11 and 12, they provided a surfboard repair service from their garage. As teenagers, Fer and Santi, as they call each other, opened Argentina's first surf shop, which led to their most ambitious entrepreneurial venture of all.

The flat-footed brothers found that traipsing across hot sand in flip-flops was uncomfortable, so in 1984 they sank their \$4,000 savings into manufacturing their own line of beach sandals. Now offering sandals and footwear for women, men, and children, as well as clothing for men, Reef sandals have become the world's hottest beach footwear, with a presence in nearly every surf shop in the United States.

The Aguirre's, who currently live two blocks from each other in La Jolla, California, sold Reef to VF Corporation for more than \$100 million in 2005. In selling Reef, "We've finally found our freedom," Fernando says. "We traded money for time," adds Santiago. Fernando remains active with surfing organizations, serving as president of the

International Surfing Association, where he became known as “Ambassador of the Wave” for his efforts in getting all 90 worldwide members of the International Olympic Committee to unanimously vote in favor of including surfing in the 2020 Olympic Games.

As you can see, the impact of these and many other entrepreneurs goes well beyond the products or services sold entrepreneurs have economic social, and environmental impacts that change and evolve as society changes and evolves.

An interactive H5P element has been excluded from this version of the text. You can view it online here:  
<https://kpu.pressbooks.pub/introtoentrepreneurship/?p=50#h5p-27>

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### Activity 1.2.2: Read, Watch, Listen – Reflect

Today is all about taking some time to connect the concepts that you have learned about in Modules 1 & 2 with the entrepreneurial resources provided below, all with the intent to develop your personal definition of Entrepreneurship at the end of Unit 1. Pay close attention to the concepts that resonate with you, and that stand out as being particularly important. Remember, at the end of Unit 1 you will be developing either a 250-word document, infographic, or two-three minute presentation on your personal definition of Entrepreneurship.

The key steps are:

1. Research the links below
2. Identify the concepts that resonate with you as being important and inspiring
3. Reflect on why these concepts are important and inspiring
4. Reflect on how these concepts relate to your own draft definition of entrepreneurship (does it change it? support it? why?)
5. Reflect on how you can apply these concepts to create your own entrepreneurial success over the next 18 months

### Resources:

- Read this paper on [Grassroots Entrepreneurship](#)
  - Watch this video on [How to Become an Entrepreneur](#)
  - Watch this video on the [Impact of Entrepreneurship](#)
  - Watch this video on [50 Entrepreneurs Share Priceless Advice](#)
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### Activity 1.2.3: Journal Entry

As a reminder, journaling can be a really powerful way to learn because it gets us to pause and reflect not only on what we have learned but also on what it means to us. Journaling makes meaning of material in a way that is personal and powerful.

It’s time to reflect on your Module 2 learning experience. Part of being an entrepreneur requires a notable degree of self-reflection and self-awareness. This journal entry is all about the learning experience that you have had thus

far. Identify your learning strengths, and what has come easily to you as you have gone through the first module of the course. Also, identify the areas which you want to strengthen and improve on from a learning perspective. Keep in mind this journal entry is not about the content you have learned, but rather how you have learned, and the Learning Experience. This is intended to help you better understand yourself as a learner, which is really important as you go through not only this course but also the rest of your education. Your journal entries should be either 300 to 500 written words or a video that is approximately 5 minutes.

Using your own experience and the course material, dig a bit deeper into your own personal story as an existing or potential entrepreneur going through this learning experience and reflect in your journal (blog, vlog, etc) on all of the following prompts for this module:

1. Key Concepts you have learned that help you better understand entrepreneurship
2. Concepts that were easy to understand and why
  - 2.1 If there was not a particular concept that was easy to understand, reflect on why this was the case
3. Concepts that were difficult to understand and why
  - 3.1 If there was not a particular concept that was difficult to understand, reflect on why this was the case

#### **Media Attributions**

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Photo of Aguerre Brothers by [Shop Eat Surf](#)

#### **Text Attributions**

The opening section parts on the entrepreneurial Aguerre brothers were taken from “[Introduction to Business](#)” by Gitman et al. (2012) [CC BY](#)

The potential definitions of entrepreneurs were taken from “[Entrepreneurship and Innovation Toolkit, 3rd Edition](#)” by L. Swanson (2017) [CC BY-SA](#)

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Zimmerer, T. W., & Scarborough, N. M. (2008). *Essentials of entrepreneurship and small business management*. Upper Saddle River, NJ: Pearson Prentice Hall.

## 3 Different types of Entrepreneurship

### Task Summary:

- [Lesson 1.3.1: Intrapreneurship](#)
  - [Lesson 1.3.2: Social Entrepreneurship](#)
  - [Lesson 1.3.3: Indigenous Entrepreneurship](#)
  - [Lesson 1.3.4: Community-Based Enterprises and Community-Based Entrepreneurship](#)
  - [Lesson 1.3.5: Family Business](#)
  - [Activity 1.3.1: Read/Watch/Listen – Reflect](#)
  - [Activity 1.3.2: Reflection](#)
  - [Unit 1 Assignment](#)
- 

### Learning Outcomes:

- Identify the different types of entrepreneurship
- Reflect on the impact the different types of entrepreneurship has on the definition of entrepreneurship
- Evaluate the relevance of different types of entrepreneurship

As you can see from the past two modules, entrepreneurs have a critical role in society, and their impact is not exclusively economic. Before getting into the specific types of entrepreneurship, let's look at the four high level approaches to how entrepreneurs create change.

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### Lesson 1.3.1: Intrapreneurship

An interactive H5P element has been excluded from this version of the text. You can view it online here:  
<https://kpu.pressbooks.pub/introtoentrepreneurship/?p=72#h5p-28>

### Transcript

As you may have noticed over the last two modules, there has been a fair amount of discussion and debate around the scope of what an entrepreneur does give who they are and how entrepreneurship can impact the world in which we live. Are entrepreneurs exclusively those who start businesses? Or are they creative thinkers and

doers? While the term “Entrepreneurship” may have originally been used in reference to those trying to launch a product or service on Dragon’s Den, in the 21st century it is considerably broader.

According to Martiarena (2013) “the recognition of intrapreneurial activities has widened the notion of entrepreneurship by incorporating entrepreneurial activities undertaken within established organizations to the usual view of entrepreneurship as new independent business creation.” (p. 27). Intrapreneurship, then, is a form of entrepreneurship that occurs within existing organizations, but intrapreneurs are generally considered to be “significantly more risk-averse than entrepreneurs, earn lower incomes, perceive fewer business opportunities in the short term and do not consider that they have enough skills to succeed in setting up a business” (Martiarena, 2013, p. 33).

An interactive H5P element has been excluded from this version of the text. You can view it online here:

<https://kpu.pressbooks.pub/introtoentrepreneurship/?p=72#h5p-29>

Merriam-Webster (n.d.) defines an intrapreneur as “a corporate executive who develops new enterprises within the corporation” (Intrapreneur, n.d.); however, some might consider some employees who are not corporate executives to also be intrapreneurs if they demonstrate entrepreneurial behavior within the company they work for.

An interactive H5P element has been excluded from this version of the text. You can view it online here:

<https://kpu.pressbooks.pub/introtoentrepreneurship/?p=72#h5p-30>

An example of an intrapreneur could be an employee or a director and an organization that sees a problem within that organization and knows that a change needs to happen and then what they do is def define the rationale and create the opportunity for that change to happen and see it through.

### Lesson 1.3.2: Social Entrepreneurship

An interactive H5P element has been excluded from this version of the text. You can view it online here:

<https://kpu.pressbooks.pub/introtoentrepreneurship/?p=72#h5p-31>

#### Transcript

Social entrepreneurship involves employing the principles of entrepreneurship to create organizations that address social issues.

An interactive H5P element has been excluded from this version of the text. You can view it online here:

<https://kpu.pressbooks.pub/introtoentrepreneurship/?p=72#h5p-32>

Martin and Osberg (2007) defined a social entrepreneur as an individual who targets an unfortunate but stable equilibrium that causes the neglect, marginalization, or suffering of a segment of humanity; who brings to bear on this situation his or her inspiration, direct action, creativity, courage, and fortitude; and who aims for and ultimately affects the establishment of a new stable equilibrium that secures permanent benefit for the targeted group and society at large. (p. 39)

An interactive H5P element has been excluded from this version of the text. You can view it online here:  
<https://kpu.pressbooks.pub/introtoentrepreneurship/?p=72#h5p-33>

Martin and Osberg's (2007) definition encompasses for-profit and not-for-profit organizations created by these entrepreneurs and also some government initiatives, but it excludes entities that exist solely to provide social services and groups formed to engage in social activism. An idealized definition of social entrepreneurship developed by Dees (2001) is informative in that it supports Martin and Osberg's (2007) definition while complementing it with a set of criteria against which organizations can be assessed to determine whether they are socially entrepreneurial.

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<https://kpu.pressbooks.pub/introtoentrepreneurship/?p=72#h5p-34>

Social entrepreneurs “use their skills not only to create profitable business ventures but also to achieve social and environmental goals for the common good” (Zimmerer & Scarborough, 2008, p. 25). They are “people who start businesses so that they can create innovative solutions to society's most vexing problems, see themselves as change agents for society” (Scarborough, Wilson, & Zimmer, 2009, p. 745).

A great example of social entrepreneurship is several organizations that fall under b corp status b corp status are organizations that exist to not only generate profit but also have a positive impact on the world around them have a look at b corp organizations to find out more.

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### Lesson 1.3.3: Indigenous Entrepreneurship

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<https://kpu.pressbooks.pub/introtoentrepreneurship/?p=72#h5p-38>

#### Transcript

Swanson and Zhang (2014) described a range of perspectives on what Indigenous entrepreneurship means and what implications it holds for social and economic development for Indigenous people. Indigenous entrepreneurship might simply be entrepreneurship carried out by Indigenous people (Peredo & Anderson, 2006), but it can also refer to the common situation where Indigenous entrepreneurs—sometimes through community-based enterprises—start businesses that are largely intended to preserve and promote their culture and values (Anderson, Dana, & Dana, 2006; Christie & Honig, 2006; Swanson & Zhang, 2011).

Dana and Anderson (2007) expanded upon that notion when they described Indigenous entrepreneurship as follows:

There is rich heterogeneity among Indigenous peoples, and some of their cultural values are often incompatible with the basic assumptions of mainstream theories.

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<https://kpu.pressbooks.pub/introtoentrepreneurship/?p=72#h5p-36>

Indigenous entrepreneurship often has non-economic variables. Some Indigenous communities' economies display elements of egalitarianism, sharing, and communal activity. Indigenous entrepreneurship is usually environmentally sustainable; this often allows Indigenous people to rely on immediately available resources and, consequently, work in Indigenous communities is often irregular. Social organization among Indigenous peoples is often based on kinship ties, not necessarily created in response to market needs. (p. 601)

Lindsay (2005) described Indigenous entrepreneurship as something even more complex:

Significant cultural pressures are placed on Indigenous entrepreneurs. These pressures will manifest themselves in new venture creation and development behavior that involves the community at a range of levels that contribute toward self-determination while incorporating heritage, and where cultural values are an inextricable part of the very fabric of these ventures. Thus, the Indigenous “team” involved in new venture creation and development may involve not only the entrepreneur and the business’ entrepreneurial team but also the entrepreneur’s family, extended family, and/or the community. Thus, in Indigenous businesses, there are more stakeholders involved than with non-Indigenous businesses. For this reason, Indigenous businesses can be regarded as more complex than non-Indigenous businesses and this complexity needs to be reflected in defining entrepreneurship from an Indigenous perspective (p. 2).

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<https://kpu.pressbooks.pub/introtoentrepreneurship/?p=72#h5p-37>

#### **Lesson 1.3.4: Community-Based Enterprises and Community-Based Entrepreneurship**

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<https://kpu.pressbooks.pub/introtoentrepreneurship/?p=72#h5p-39>

#### **Transcript**

Peredo and Chrisman (2006) described community-based enterprises (CBEs) as emerging from “a process in which the community acts entrepreneurially to create and operate a new enterprise embedded in its existing social structure” (p. 310). CBEs emerge when a community works collaboratively to “create or identify a market opportunity and organize themselves in order to respond to it” (p. 315). These ventures “are managed and governed to pursue the economic and social goals of a community in a manner that is meant to yield sustainable individual and group benefits over the short and long term” (p. 310).

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<https://kpu.pressbooks.pub/introtoentrepreneurship/?p=72#h5p-40>

CBEs are positioned in a sector of the economy that is not dominated by a profit motive, often because there is little profit to be made, or by the government.

Modern societies are comprised of three distinct, but overlapping sectors (Mook, Quarter, & Richmond, 2007; Quarter, Mook, & Armstrong, 2009; Quarter, Mook, & Ryan, 2010): Businesses operating in the private sector primarily strive to generate profits for their owners by providing goods and services in response to market demands. “While this sector provides jobs, innovation, and overall wealth, it is not suited to addressing most social problems because there is usually no profit to be made by doing so” (Swanson & Zhang, 2012, p. 177).



The public sector redistributes the money it collects in taxes to provide public goods and to serve needs not met by the private sector. “While this sector provides defense, public safety, education and a range of other public needs and social services, it has limited capacity to recognize and solve all social needs” (Swanson & Zhang, 2012, p. 177). The remaining sector—referred to by a variety of names including the third sector, the citizens’ sector, the voluntary sector, the non-profit sector, and more recently by Mintzberg, the plural sector (Mintzberg, 2013; Mintzberg & Azevedo, 2012)—is comprised of organizations that deliver goods and services the other sectors do not provide and are either owned by their members (with limited or no potential for individuals or small groups to gain a controlling interest in the organization) or not owned by any individuals, governments, businesses, other organizations, or any particular entity at all.

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<https://kpu.pressbooks.pub/introtoentrepreneurship/?p=72#h5p-41>

### Lesson 1.3.5: Family Business

An interactive H5P element has been excluded from this version of the text. You can view it online here:  
<https://kpu.pressbooks.pub/introtoentrepreneurship/?p=72#h5p-42>

### Transcript

Chua, Chrisman, and Steier (2003) reported that “family-owned firms account for a large percentage of the economic activities in the United States and Canada.

An interactive H5P element has been excluded from this version of the text. You can view it online here:  
<https://kpu.pressbooks.pub/introtoentrepreneurship/?p=72#h5p-43>

Besides the significant component of Canadian and other economies that are made up of family-owned businesses, these entities might be distinct from other forms of entrepreneurship in several ways. While more research is required to better understand the distinctions, family businesses might be characterized by the unique influences family members have on how their firms operate and by the distinctive challenges they face that make them behave and perform differently than other categories of businesses (Chua et al., 2003).

An interactive H5P element has been excluded from this version of the text. You can view it online here:  
<https://kpu.pressbooks.pub/introtoentrepreneurship/?p=72#h5p-44>

As you can see, entrepreneurship can manifest in many forms that are well outside of starting a business or selling a product. Entrepreneurship is a way of thinking creatively, and taking action to make things happen!

### Activity 1.3.1: Read/Watch/Listen – Reflect

Today is all about taking some time to sit with the types of entrepreneurship you have learned about from the content above, as well as from some additional entrepreneurial resources provided below. Similar to the Read/Watch/Listen – Reflect activities in Modules 1 and 2, this is all done with the intent to develop your personal

definition of Entrepreneurship at the end of the module. Pay close attention to the type(s) of entrepreneurship that resonates with you, and is particularly appealing. Remember, at the end of this module you will be developing either a 250-word document, infographic, or a three-minute presentation on your personal definition of Entrepreneurship.

The key steps are:

1. Research the links below
2. Identify the type of entrepreneurship that resonates with you as being appealing and inspiring
3. Reflect on why this type is appealing and inspiring
4. Reflect on how this type relates to your own draft definition of entrepreneurship (does it change it? support it? why?)
5. Reflect on how you can apply this type to create your own entrepreneurial success over the next 18 months

### Resources:

- Read this article on [Nine Different Types of Entrepreneurship](#)
  - Read this survey on [Family Business](#)
  - Watch this video on the [Surprising Habits of Original Thinkers](#)
  - Watch this video on [Local Eco-Entrepreneurship](#)
  - Watch this video on [How Doctors can Help Low-Income Patients \(and Still Make Money\)](#)
- 

### Activity 1.3.2: Reflection

As a reminder, journaling can be a really powerful way to learn because it gets us to pause and reflect not only on what we have learned but also on what it means to us. Journaling makes meaning of material in a way that is personal and powerful. We are going to take a slightly different approach for this journal, which focuses on developing an action plan given your previous two journal reflections. Here, you will develop a plan of action for immediate learning challenges, such as the unit assignments featured in this course. Recall in the past two journals you reflected on key learning (not content) aspects you found challenging. You will reconsider your strengths, weaknesses, and key learnings and determine specific steps to prepare and complete the oncoming learning challenge of defining entrepreneurship for yourself. Your journal entries should be either 300 to 500 written words or a video that is approximately 5 minutes.

Using your past two journal reflections and your learning experience in Module 3, reflect on the following:

1. Concepts that were easy to understand and why
  - 1.1 If there was not a particular concept that was easy to understand, reflect on why this was the case
2. Concepts that were difficult to understand and why
  - 2.1 If there was not a particular concept that was difficult to understand, reflect on why this was the case
3. Develop a meaningful plan with clear and specific actions you need to take, how you will take them,

and when you will take them, to address any challenges or weaknesses before you complete your Unit 1 Assignment: Define Entrepreneurship.

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## Unit 1 Assignment

The purpose of this assignment is to connect all of the dots that you have been learning about and engaging with over the past three modules when it comes to what entrepreneurship is in why it matters. You are going to develop your own definition of entrepreneurship. Remember, this is not about finding the right answer, or providing a definition that was developed by someone else, but rather this is about developing your own definition. Your submission should be about 250 words, which is one page double spaced, or it could be done as an infographic, or a two-three minute presentation. If you are doing this as part of a formal course and have a different approach that you would like to take for developing this assignment, please check with your instructor.

### Media Attributions

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### Text Attributions

- The content related to the types of entrepreneurs was taken from “[Entrepreneurship and Innovation Toolkit, 3rd Edition](#)” by L. Swanson (2017) [CC BY-SA](#)

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# Unit 2: Entrepreneurial Characteristics

## Unit 2 Introduction

One or more interactive elements has been excluded from this version of the text. You can view them online here: <https://kpu.pressbooks.pub/introtoentrepreneurship/?p=53#oembed-1>

## Transcript

Not everyone wants to be an entrepreneur, and not everyone who is an entrepreneur is successful in their ventures... Why is this? This is a question that has confounded both academics theorists and entrepreneurs alike for decades, and luckily for us, there's been lots of research done to try and understand what this defining factor is and we are going to delve into it over the next few modules. In this unit, we're going to look at what are the factors that make successful entrepreneurs unique from their less successful counterparts. What's really interesting is that it might not be what you think it is, and it's actually somewhat in our control... More on this later.

By the end of this unit, you will complete the following:

## Learning Outcomes

- Reflect on entrepreneurial skills and abilities
- Analyze what leads to entrepreneurial success
- Debate the role of creativity and innovation in entrepreneurship



## 4 Entrepreneurial Traits, Skills and Abilities

### Task Summary:

- [Lesson 2.1.1: Entrepreneurial Uniqueness](#)
- [Lesson 2.1.2: Entrepreneurial Personality Traits](#)
- [Lesson 2.1.3: Beyond Personality Traits, Skills & Abilities](#)
- [Activity 2.1.1: Read/Watch/Listen](#)
- [Activity 2.1.2: Journal Entry](#)

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### Learning Outcomes:

- Reflect on entrepreneurial uniqueness
- Assess the value of analyzing entrepreneurial traits
- Consider the importance of analyzing entrepreneurial skills and abilities
- Validate the importance of perseverance

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### Lesson 2.1.1: Entrepreneurial Uniqueness

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<https://kpu.pressbooks.pub/introtoentrepreneurship/?p=101#h5p-54>

### Transcript

So what makes an entrepreneur different from a preferences and abilities lens than someone who does not want to be an entrepreneur? What consistently makes these individuals unique? Do you yourself have what it takes to become an entrepreneur? Having a great concept is not enough. An entrepreneur must be able to develop and manage the company that implements his or her idea. Being an entrepreneur requires special drive, perseverance, passion, and a spirit of adventure, in addition to managerial and technical ability.

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<https://kpu.pressbooks.pub/introtoentrepreneurship/?p=101#h5p-55>

Entrepreneurs *are* the company; they tend to work longer hours, take fewer vacations, and cannot leave problems at the office at the end of the day. They also share other common characteristics, but what are these characteristics?

Historically, descriptions of entrepreneurial uniqueness have been based on personality, behavioral, and cognitive traits (Chell, 2008; Duening, 2010).

- Three personality characteristics of entrepreneurs that are often cited are:
  - Need for achievement
  - Internal locus of control (a belief by an individual that they are in control of their own destiny)
  - Risk-taking propensity



An interactive H5P element has been excluded from this version of the text. You can view it online here:

<https://kpu.pressbooks.pub/introtoentrepreneurship/?p=101#h5p-56>

Past studies of personality characteristics and behavioral traits have not been overly successful at identifying entrepreneurial uniqueness. As it turned out, years of painstaking research along this line has not borne significant fruit. It appears that there are simply not any personality characteristics that are either essential to, or defining of, entrepreneurs that differ systematically from non-entrepreneurs.... Again, investigators proposed a number of behavioral candidates as emblematic of entrepreneurs. Unfortunately, this line of research also resulted in a series of dead ends as examples of successful entrepreneurial behaviors had equal counterparts among samples of non-entrepreneurs. As with the personality characteristic school of thought before it, the behavioral trait school of thought became increasingly difficult to support (Duening, 2010, p. 4-5).

This shed doubt on the value of trying to change personality characteristics or implant new entrepreneurial behaviors through educational programs in an effort to promote entrepreneurship. New research, however, has resurrected the idea that there might be some value in revisiting personality traits as a topic of study. Additionally, Duening (2010) and has suggested that an important approach to teaching and learning about entrepreneurship is to focus on the “cognitive skills that successful entrepreneurs seem uniquely to possess and deploy” (p. 2).

### Lesson 2.1.2: Entrepreneurial Personality Traits

An interactive H5P element has been excluded from this version of the text. You can view it online here:

<https://kpu.pressbooks.pub/introtoentrepreneurship/?p=101#h5p-57>

#### Transcript

While acknowledging that research had yet to validate the value of considering personality and behavior traits as ways to distinguish entrepreneurs from non-entrepreneurs or unsuccessful ones, Chell (2008) suggested that researchers turn their attention to new sets of traits including: “the proactive personality, entrepreneurial self-efficacy, perseverance, and intuitive decision-making. Other traits that require further work include social competence and the need for independence” (p. 140).



An interactive H5P element has been excluded from this version of the text. You can view it online here:  
<https://kpu.pressbooks.pub/introtoentrepreneurship/?p=101#h5p-58>

In more recent years scholars have considered how the Big Five personality traits – extraversion, agreeableness, conscientiousness, neuroticism (sometimes presented as emotional stability), and openness to experience (sometimes referred to as intellect) – might be used to better understand entrepreneurs. It appears that the Big Five traits might be of some use in predicting entrepreneurial success. Research is ongoing in this area, but in one example, Caliendo, Fossen, and Kritikos (2014) studied whether personality constructs might “influence entrepreneurial decisions at different points in time” (p. 807), and found that “high values in three factors of the Big Five approach—openness to experience, extraversion, and emotional stability (the latter only when we do not control for further personality characteristics)—increase the probability of entry into self-employment” (p. 807). They also found “that some specific personality characteristics, namely risk tolerance, locus of control, and trust, have strong partial effects on the entry decision” (p. 807). They also found that people who scored higher on agreeableness were more likely to exit their businesses, possibly meaning that people with lower agreeableness scores might prevail longer as entrepreneurs. When it came to specific personality traits, their conclusions indicated that those with an external locus of control were more likely to stop being self-employed after they had run their businesses for a while.

An interactive H5P element has been excluded from this version of the text. You can view it online here:  
<https://kpu.pressbooks.pub/introtoentrepreneurship/?p=101#h5p-59>

There are several implications for research like this, including the potential to better understand why some entrepreneurs behave as they do base upon their personality types and the chance to improve entrepreneurship education and support services.

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### Lesson 2.1.3: Beyond Personality Traits, Skills & Abilities

An interactive H5P element has been excluded from this version of the text. You can view it online here:  
<https://kpu.pressbooks.pub/introtoentrepreneurship/?p=101#h5p-60>

#### Transcript

A person with all the personality traits of an entrepreneur might still lack the necessary business skills to run a successful company. Entrepreneurs need the technical knowledge to carry out their ideas and the managerial ability to organize a company, develop operating strategies, obtain financing, and supervise day-to-day activities. Beyond basic business, good interpersonal and communication skills are important in dealing with employees, customers, and other business associates such as bankers, accountants, and attorneys. And then there’s perseverance.

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<https://kpu.pressbooks.pub/introtoentrepreneurship/?p=101#h5p-61>

When Jim Steiner started his toner cartridge remanufacturing business, Quality Imaging Products, his initial investment was \$400. He spent \$200 on a consultant to teach him the business and \$200 on materials to rebuild his first printer cartridges. He made sales calls from 8.00 a.m. to noon and made deliveries to customers from noon until 5:00 p.m. After a quick dinner, he moved to the garage, where he filled copier cartridges until midnight, when he collapsed into bed, sometimes covered with carbon soot. And this was not something he did for a couple of weeks until he got the business off the ground—this was his life for 18 months (McFarland, 2005). This brief story is a great example of how perseverance is a key factor in entrepreneurial success.

An interactive H5P element has been excluded from this version of the text. You can view it online here:  
<https://kpu.pressbooks.pub/introtoentrepreneurship/?p=101#h5p-74>

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### Activity 2.1.1: Read/Watch/Listen

In Unit 3 we will start to embark on the entrepreneurial process. To prepare for this and continue practicing your entrepreneurial resource gathering and innovation skills, your task is to search through the resources linked below to identify an entrepreneur who emulates the characteristics you have learned about and had success living out the definition of entrepreneurship you have started to craft throughout this module.

Reflect on the characteristics that appeal to you the most, and reflect on how the characteristics and your definition of entrepreneurship from Unit 1 have both enabled the success of this individual, and how you might be able to create your own success developing these characteristics over the next 18 months.

The key steps are:

1. Research the links below
2. Identify an entrepreneur from these resources you admire
3. Reflect on what entrepreneurial theme from Lesson 2 within which they have had success
4. Reflect on how their success relates to your own draft definition of entrepreneurship (does it change it? support it? why?)
5. Reflect on how you can create your own success using the theme and your definition of entrepreneurship over the next 18 months

### Resources:

- Read this article on [Entrepreneurial Skills](#)
- Read this article on [Entrepreneurial Thinkers](#)
- Read this article on [Entrepreneurial Characteristics](#)

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### Activity 2.1.2: Journal Entry

As a reminder, journaling can be a really powerful way to learn because it gets us to pause and reflect not only on what we have learned but also on what it means to us. Journaling makes meaning of material in a way that is personal and powerful.

It's time to reflect on your Unit 2, Module 1 learning experience. Part of being an entrepreneur requires a notable

degree of self-reflection and self-awareness. This journal entry is all about the learning experience that you have had thus far. Identify your learning strengths, and what has come easily to you as you have gone through the first module of the course. Also, identify the areas which you want to strengthen and improve on from a learning perspective. Keep in mind this journal entry is not about the content you have learned, but rather how you have learned, and the Learning Experience. This is intended to help you better understand yourself as a learner, which is really important as you go through not only this course but also the rest of your education. Your journal entries should be either 150 to 300 written words or a video that is approximately 4 minutes.

Using your own experience and the course material, reflect in your journal (blog, vlog, etc) on all of the following prompts for this module:

- Key Concepts you have learned that help you better understand entrepreneurship
- Concepts that were easy to understand and why
  - If there was not a particular concept that was easy to understand, reflect on why this was the case
- Concepts that were difficult to understand and why
  - If there was not a particular concept that was difficult to understand, reflect on why this was the case

Next, note the key characteristics of successful entrepreneurs (aim for one or two sentences).

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## 5 The Entrepreneurial Mindset

### Task Summary:

- [Lesson 2.2.1: Entrepreneurial Cognitions](#)
- [Lesson 2.2.2: Bases of Entrepreneurial Cognition](#)
- [Activity 2.2.1: Read/Watch/Listen – Reflect](#)
- [Activity 2.2.2: Journal Entry](#)

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### Learning Outcomes:

- Discover the importance of entrepreneurial cognitions
- Assess whether entrepreneurial cognitions are defining features of successful entrepreneurs
- Consider which cognitive concepts provide the most insight into understanding entrepreneurs

### Lesson 2.2.1: Entrepreneurial Cognitions

An interactive H5P element has been excluded from this version of the text. You can view it online here:  
<https://kpu.pressbooks.pub/introtoentrepreneurship/?p=103#h5p-62>

### Transcript

As amazing as entrepreneurship is, not everyone wants to be an entrepreneur. This may stem from the preconceived, and limited, notions of what an entrepreneur is, or taking on new things may feel overwhelming for some. For those who do choose to take on new adventures to drive positive change, not everyone is able to succeed in achieving their goals. Why is that? What is the distinguishing feature that makes some entrepreneurs successful while others are not?

An interactive H5P element has been excluded from this version of the text. You can view it online here:  
<https://kpu.pressbooks.pub/introtoentrepreneurship/?p=103#h5p-63>

Luckily some wise individuals have been studying this and have found that with all characteristics, traits, timing, access to resources, and luck being the same, the key factor that differentiates the entrepreneurs who are successful from those who are not, are entrepreneurial cognitions.

An interactive H5P element has been excluded from this version of the text. You can view it online here:  
<https://kpu.pressbooks.pub/introtoentrepreneurship/?p=103#h5p-64>

It is only fairly recently that entrepreneurship scholars have focused on cognitive skills as a primary factor that differentiates successful entrepreneurs from non-entrepreneurs and less successful entrepreneurs. This approach deals with how entrepreneurs think differently than non-entrepreneurs (Duening, 2010; Mitchell et al., 2007). Entrepreneurial cognitions are the knowledge structures that people use to make assessments, judgments, or decisions involving opportunity evaluation and venture creation and growth. In other words, research in entrepreneurial cognition is about understanding how entrepreneurs use simplifying mental models to piece together previously unconnected information that helps them to identify and invent new products or services, and to assemble the necessary resources to start and grow businesses (Mitchell, Busenitz, et al., 2002, p. 97).



Mitchell, Smith, et al. (2002) provided the example of how the decision to create a new venture (dependent variable) was influenced by three sets of cognitions (independent variables). They described these cognitions as follows:

Arrangements cognitions are the mental maps about the contacts, relationships, resources, and assets necessary to engage in entrepreneurial activity; willingness cognitions are the mental maps that support commitment to venturing and receptivity to the idea of starting a venture; ability cognitions consist of the knowledge structures or scripts (Glaser, 1984) that individuals have to support the capabilities, skills, norms, and attitudes required to create a venture (Mitchell et al., 2000).

An interactive H5P element has been excluded from this version of the text. You can view it online here:  
<https://kpu.pressbooks.pub/introtoentrepreneurship/?p=103#h5p-65>

According to Baron (2004a), by taking a cognitive perspective, we might better understand entrepreneurs and the role they play in the entrepreneurial process. The cognitive perspective emphasizes the fact that everything we think, say, or do is influenced by mental processes—the cognitive mechanisms through which we acquire store, transform, and use information. It is suggested here that this perspective can be highly useful to the field of entrepreneurship. Specifically, it can assist the field in answering three basic questions it has long addressed:

1. Why do some persons but not others choose to become entrepreneurs?
2. Why do some persons but not others recognize opportunities for new products or services that can be profitably exploited?
3. Why are some entrepreneurs so much more successful than others (Baron, 2004a, p. 221-222)?

Baron (2004a), illustrated how cognitive differences between people might explain why some people end up pursuing entrepreneurial pursuits and others do not. Research into cognitive biases might also help explain why some people become entrepreneurs.

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<https://kpu.pressbooks.pub/introtoentrepreneurship/?p=103#h5p-66>

Baron (2004a) also revealed ways in which cognitive concepts like signal detection theory, regulation theory, and entrepreneurship might help explain why some people are better at entrepreneurial opportunity recognition. He also illustrated how some cognitive models and theories – like risk perception, counterfactual thinking, processing style, and susceptibility to cognitive errors – might help explain why some entrepreneurs are more successful than others.

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### Lesson 2.2.2: Bases of Entrepreneurial Cognition

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<https://kpu.pressbooks.pub/introtoentrepreneurship/?p=103#h5p-67>

#### Transcript

##### *Prior Knowledge & Entrepreneurial Cognition*

The ability to identify opportunities is among the most important skills successful entrepreneurs have (Ardichvili et al., 2003), thus making this topic particularly important for entrepreneurship research. While higher levels of knowledge (education) seem to facilitate opportunity recognition generally, different types of knowledge trigger the recognition of different types of opportunities (e.g., knowledge related to problems of nature can trigger the identification of environmental opportunities, and knowledge related to international markets can facilitate the identification of opportunities abroad). Knowledge related to opportunity recognition can be internal to the entrepreneur but can also be provided by external sources, such as venture capital investors.

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<https://kpu.pressbooks.pub/introtoentrepreneurship/?p=103#h5p-68>

Moreover, it appears that entrepreneurs' prior knowledge plays an important role in the cognitive process of structural alignment that “connects the known with the unknown” and, in doing so, can facilitate opportunity recognition.

An interactive H5P element has been excluded from this version of the text. You can view it online here:  
<https://kpu.pressbooks.pub/introtoentrepreneurship/?p=103#h5p-69>

##### *Motivation and Entrepreneurial Cognition*

In addition to prior knowledge, researchers have identified motivation—the behavior-triggering force, which directs behavior and increases persistence with a course of action (Bartol and Martin, 1998)—as an important antecedent of opportunity identification. Shepard and Patzelt found that while some motivators appear to trigger

entrepreneurial action more generally (e.g., financial rewards or certain individual values), other types of motivation seem to stimulate a specific type of entrepreneurship (e.g., empathy motivating entrepreneurial action targeted toward developing societies). Interestingly, the inability to pursue a career as a salaried employee (e.g., due to injury or psychological disorder) can also stimulate entrepreneurial motivation. Finally, a key finding is that the effects of prior knowledge and those of motivation as described in this section do not seem to be independent of each other but can conjointly motivate entrepreneurial action.

An interactive H5P element has been excluded from this version of the text. You can view it online here:  
<https://kpu.pressbooks.pub/introtoentrepreneurship/?p=103#h5p-70>

### ***Attention and Entrepreneurial Cognition***

Attention refers to a non-specific and limited cognitive resource that is required for mental activities and differs across individuals and tasks

(Kahneman, 1973). While all of our attention is a limited resource, where we allocate attention influences several aspects of the entrepreneurial process, including environmental changes and the recognition, evaluation, and exploitation of opportunities. The research shows there are several factors at the individual, organizational, and environmental level that explain how entrepreneurs allocate attention, and that cognitive processes, particularly metacognition, impact individuals' attention allocation and thereby entrepreneurial outcomes.

An interactive H5P element has been excluded from this version of the text. You can view it online here:  
<https://kpu.pressbooks.pub/introtoentrepreneurship/?p=103#h5p-71>

### ***Entrepreneurial Identity***

Identity refers to the meanings that individuals attach to themselves (Gecas, 1982) and is often understood as the answer to the question “Who am I?” (Stryker and Burke, 2000). An entrepreneurial career provides multiple opportunities for individuals to develop a meaningful and unique self-identity that reflects the characteristics and traits discussed earlier in the course. To balance the fulfillment of the basic need to be distinct with the basic need to belong, entrepreneurs can apply integration or compartmentalization strategies to manage their work-related and non-work-related micro-identities. It is also important to note that traumatic events can disrupt one's occupational identity, and that entrepreneurship as an alternative career may help reconstruct it and in doing so help individuals recover emotionally and psychologically.

#### ***Emotion and Entrepreneurial Cognition***

Entrepreneurship is a highly emotional endeavor; it has often been portrayed as an “emotional rollercoaster” with multiple ups and downs that impact entrepreneurs' emotional experiences. Emotions not only play a key role in understanding entrepreneurs' opportunity exploitation decisions, but they also impact the motivation of employees to engage in entrepreneurial action. Particularly when entrepreneurial projects within organizations fail, employees often experience substantial negative emotions which can diminish motivation and learn from the failure experience. On the upside, these effects are contingent on the organizational environment normalizing failure, as well as individuals' coping orientations, self-efficacy, and self-compassion.

After completing the readings and videos, reflect on what these forms of cognition mean to you and how you have seen them manifest in your own life experience.



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### Activity 2.2.1: Read/Watch/Listen – Reflect

Continuing to build your entrepreneurial research, problem-solving, and opportunity identification skills, reflect on the entrepreneurial cognitions that appeal to you the most and reflect on how these cognitions, when paired with your definition of entrepreneurship, might be used to create your own entrepreneurial success over the next 18 months.

The key steps are:

1. Research the links below
2. Identify three entrepreneurial cognitions that seem particularly important to you
3. Reflect on why these cognitions are important and their role in entrepreneurial success
4. Reflect on your own abilities with these three specific cognitions
5. Reflect on how you can create your own success using these cognitions, given your definition of entrepreneurship over the next 18 months

### Resources:

- Watch this video on the [How Your Mind Can Amaze and Betray You](#)
  - Watch this video on [Entrepreneurial Cognition](#)
  - Watch this video on [How to Figure Out What You Really Want](#)
  - Watch this video on [What is Success Playlist](#)
- 

### Activity 2.2.2: Journal Entry

It's time to reflect on your Module 2 learning experience. This journal entry is all about the learning experience that you have had thus far. Identify your learning strengths, and what has come easily to you as you have gone through the first module of the course. Also, identify the areas which you want to strengthen and improve on from a learning perspective. Keep in mind this journal entry is not about the content you have learned, but rather how you have learned, and the Learning Experience. This is intended to help you better understand yourself as a learner, which is really important as you go through not only this course but also the rest of your education. You will reconsider your strengths, weaknesses, and key learnings and determine specific steps to prepare and complete the oncoming learning challenge of exploring the entrepreneurial mindset for yourself. Your journal entries should be either 150 to 300 written words or a video that is approximately 4 minutes. Using your own experience and the course material, reflect in your journal (blog, vlog, etc) on all of the following prompts for this module:

- Key Concepts you have learned that help you better understand entrepreneurship
- Concepts that were easy to understand and why
  - If there was not a particular concept that was easy to understand, reflect on why this was the case
- Concepts that were difficult to understand and why

- If there was not a particular concept that was difficult to understand, reflect on why this was the case

Next, create a rough draft explanation of the entrepreneurial mindset (aim for one or two sentences).

#### Media Attributions

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- The content related to the bases of entrepreneurial cognition was taken from “Entrepreneurial Cognition: Exploring the Mindset of Entrepreneurs” by D. Shepard and H. Patzelt (2018) [CC BY](#)

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## 6 Creativity and Innovation in Entrepreneurship

### Task Summary:

- [Lesson 2.3.1: Entrepreneurial Creativity and Innovation](#)
  - [Lesson 2.3.2: Design Thinking](#)
  - [Activity 2.3.1: Read/Watch/Listen – Reflect](#)
  - [Activity 2.3.2: Journal Entry](#)
  - [Unit 2 Assignment: The Makings of a Successful Entrepreneur](#)
- 

### Learning Outcomes:

- Define creativity and innovation in an entrepreneurial context
- Reflect on various perspectives on creativity and innovation in an entrepreneurial context
- Assess the potential of design thinking
- Identify the characteristics that resonate with you as being critical to entrepreneurial success

Creativity and innovation are what make the world go around and continue to improve and evolve! There have been lots of great ideas and thoughts around the creative and innovative process for entrepreneurs, as this is a key part of the problem identification process. Have a look at what some resident experts have said about creativity and innovation from an entrepreneurial lens.

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### Lesson 2.3.1: Entrepreneurial Creativity and Innovation

### Drucker

Systematic innovation involves “monitoring seven sources for an innovative opportunity” (Drucker, 1985). The first four are internally focused within the business or industry, in that they may be visible to those involved in that organization or sector. The last three involve changes outside the business or industry.

- Internally Focused
  - The unexpected (unexpected success, failure, or outside events)
  - The incongruity between reality as it actually is and reality as it is assumed to be or as it ought to be
  - Innovation based on process need
  - Changes in industry structure or market structure that catch everyone unawares
- Externally Focused
  - Demographics (population changes)
  - Changes in perception, mood, and meaning
  - New knowledge, both scientific and nonscientific



### Mitchell

One of the components of Mitchell's (2000) New Venture Template asks whether the venture being examined represents a new combination. To determine this, he suggests considering two categories of entrepreneurial discovery: *scientific discovery* and *circumstance*.

- Scientific Discovery
  - Physical/technological insight
  - A new and valuable way
- Circumstantial Discovery
  - Specific knowledge of time, place, or circumstance
  - When and what you know

The second set of variables to consider are the market imperfections that can create profit opportunities: *excess demand* and *excess supply*. This gives rise to the following four types of entrepreneurial discovery.

- Invention I
  - Uses science to exploit excess demand (a market imperfection)
  - Becomes an opportunity to discover and apply the laws of nature to satisfy excess demand
  - Inventions in one industry have ripple effects in others
  - Example: the invention of the airplane
- Observation
  - Circumstances reveal an opportunity to exploit excess demand (a market imperfection)

- Not necessarily science-oriented
- Example: airline industry = need for food service for passengers
- Invention II
  - Uses science to exploit excess supply (a market imperfection)
  - Example: Second most abundant element on earth after oxygen = silicon microchips
- Coordination
  - Circumstances reveal an opportunity to exploit excess supply (a market imperfection)
  - Example: Producer's capacities to lower prices = Wal-Mart

### ***Schumpeter***

Schumpeter's (1934) five kinds of new combinations can occur within each of the four kinds of entrepreneurial discovery (Mitchell, 2000):

- New or improved good/service
  - The distinction between true advances and promotional differences
- A new method of production
  - Example: assembly line method to automobile production, robotics, agricultural processing
- Opening of a new market
  - Global context: Culture, laws, local buyer preferences, business practices, customs, communication, transportation all set up new distribution channels
  - Example: Honda created a new market for smaller modestly powered motorbikes
- Conquest of a new source of supply of raw materials
  - Enhance availability of products by providing at lower cost
  - Enhance availability by making more available without compromising quality
- Reorganization of an industry

### ***Murphy***

Murphy (2011) claimed that there was a single-dimensional logic that oversimplified the approach taken to understand entrepreneurial discovery. He was bothered by the notion that entrepreneurs either deliberately searched for entrepreneurial opportunities or they serendipitously discovered them. Murphy's (2011) multidimensional model of entrepreneurial discovery suggests that opportunities may be identified (a) through a purposeful search; (b) because others provide the opportunity to the entrepreneur; (c) through prior knowledge, entrepreneurial alertness, and means other than a purposeful search; and, (d) through a combination of lucky happenstance and deliberate searching for opportunities.

### ***Vesper***

According to experimentation research, entrepreneurial creativity is not correlated with IQ (people with high IQs can be unsuccessful in business and those with lower IQs can be successful as an entrepreneur). Research has also shown that those who practice idea generation techniques can become more creative. The best ideas sometimes come later in the idea-generation process—often in the days and weeks following the application of the idea-generating processes (Vesper, 1996).

Vesper (1996) identified several ways in which entrepreneurs found ideas:

- Prior job
- Recreation
- Chance event
- Answering discovery questions

Although would-be entrepreneurs usually don't discover ideas by a deliberate searching strategy (except when pursuing acquisitions of ongoing firms), it is nevertheless possible to impute to their discoveries some implicit searching patterns. (Vesper, 1996)

Vesper (1996) categorized discovery questions as follows:

- *Search questions*, which might prompt venture ideas by placing one's mind into a mode where the subconscious will work to push ideas into the conscious mind
  - What is bothering me and what might relieve that bother?
  - How could this be made or done differently than it is now?
  - What else might I like to have?
  - How can I fall the family tradition?
- *Questions based on encounters* with a potential customer request, someone else's idea, or another event
  - Can I play some role in providing this product or service to a broader market?
  - Could there be a way to do this better for the customer?
- *Questions based on evaluative reactions* to ideas
  - Could I do this job on my own instead of as an employee?
  - If people elsewhere went for this idea, might they want it here too?

Vesper (1996) also highlighted several *mental blocks to departure*. He suggested that generating innovative ideas involved two tasks: to depart from what is usual or customary and to apply an effective way to direct this departure. The mental blocks in the way of departure include the following:

- Perceptual blocks
  - difficulty viewing things from different perspectives
  - seeing only what you expect to see or think what others expect you to see
- Emotional blocks
  - intolerance of ambiguity
  - preference for judging rather than seeking ideas
  - tunnel vision
  - insufficient patience
- Cultural blocks
  - a belief that reason and logic are superior to feeling, intuition, and other such approaches
  - thinking that tradition is preferable to change
  - disdain for fantasy, reflection, idea playfulness, humor
- Imagination blocks
  - fear of subconscious thinking

- inhibition about some areas of imagination
- Environmental blocks
  - distrust of others who might be able to help
  - distractions
  - discouraging responses from other people
- Intellectual blocks
  - lack of information
  - incorrect information
  - weak technical skills in areas such as financial analysis
- Expressive blocks
  - poor writing skills
  - inability to construct prototypes

Understanding these mental blocks to departure is a first step in figuring out how to cope with them. Some tactics for departure include the following (Vesper, 1996):

- Trying different ways of looking at and thinking about venture opportunities
- Trying to continually generate ideas about opportunities and how to exploit them
- Seeking clues from business and personal contacts, trade shows, technology licensing offices, and other sources
- Not being discouraged by others' negative views because many successful innovations were first thought to be impossible to make
- Generating possible solutions to obstacles before stating negative views about them
- Using idea-generating tricks like
  - Brainstorming
  - Considering multiple consequences of possible future events or changes
  - Rearranging, reversing, expanding, shrinking, combining, or altering ideas
  - Developing scenarios

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### Lesson 2.3.2: Design Thinking

An interactive H5P element has been excluded from this version of the text. You can view it online here: <https://kpu.pressbooks.pub/introtoentrepreneurship/?p=107#h5p-72>

### Transcript

The Hasso Plattner Institute of Design at Stanford University called the d.school (<http://dschool.stanford.edu/>), is an acknowledged leader at promoting design thinking. You can download the *Bootcamp Bootleg* manual from the d.school website at <https://dschool.stanford.edu/resources/the-bootcamp-bootleg>. The following description of design thinking is from the IDEO website:

Design thinking is a deeply human process that taps into abilities we all have but get overlooked by more

conventional problem-solving practices. It relies on our ability to be intuitive, to recognize patterns, to construct ideas that are emotionally meaningful as well as functional, and to express ourselves through means beyond words or symbols. Nobody wants to run an organization on feeling, intuition, and inspiration, but an over-reliance on the rational and the analytical can be just as risky. Design thinking provides an integrated third way.

The design thinking process is best thought of as a system of overlapping spaces rather than a sequence of orderly steps. There are three spaces to keep in mind: *inspiration*, *ideation*, and *implementation*. Inspiration is the problem or opportunity that motivates the search for solutions. Ideation is the process of generating, developing, and testing ideas. Implementation is the path that leads from the project stage into people's lives (IDEO, 2015).

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### Activity 2.3.1: Read/Watch/Listen – Reflect

Today is all about taking some time to sit the value of creativity and innovation in entrepreneurship. Similar to previous activities, this is all done with the intent to develop your own understanding of the characteristics needed for success in entrepreneurship. Pay close attention to characteristics and leanings that resonate with you, and are particularly appealing. Remember, at the end of this module you will be developing either a 250-word document, infographic, or a three-minute presentation on the characteristics that make an entrepreneurial thinker and leader successful.

The key steps are:

1. Choose five (5) videos from this [Innovation Playlist](#) to watch
  2. Building on what you have learned throughout this unit, identify the characteristics that resonate with you as being critical to success and appealing to you personally
  3. Reflect on why these characteristics are critical and appealing
  4. Reflect on how these characteristics, or lack thereof, could impact your own success as an entrepreneur
  5. Reflect on how you can strengthen these characteristics to support your own entrepreneurial success over the next 18 months
- 

### Activity 2.3.2: Journal Entry

As a reminder, journaling can be a really powerful way to learn because it gets us to pause and reflect not only on what we have learned but also on what it means to us. Journaling makes meaning of material in a way that is personal and powerful. Similar to your unit end reflection in Unit 1, we are going to take a slightly different approach for this journal, which focuses on developing an action plan given your previous two journal reflections. Here, you will develop a plan of action for immediate learning challenges, such as the unit assignments featured in this course. Recall in the past two journals you reflected on key learning (not content) aspects you found challenging. You will reconsider your strengths, weaknesses, and key learnings and determine specific steps to prepare and complete the oncoming learning challenge of designing the entrepreneurial process for yourself. Your reflection entries should be either 300 to 500 written words or a video that is approximately 5 minutes.

Using your past two journal reflections and your learning experience in Unit 2, Module 3, reflect on the following:

1. Concepts that were easy to understand and why



- 1.1 If there was not a particular concept that was easy to understand, reflect on why this was the case
- 2. Concepts that were difficult to understand and why
  - 2.1 If there was not a particular concept that was difficult to understand, reflect on why this was the case
- 3. Develop a meaningful plan with clear and specific actions you need to take, how you will take them, and when you will take them, to address any challenges or weaknesses before you complete your Unit 2 Assignment: The Makings of a Successful Entrepreneur.

#### UNIT 2 Assignment: The Makings of a Successful Entrepreneur

The purpose of this assignment is to connect all of the dots that you have been learning about and engaging with over the past unit when it comes to what really makes for a successful entrepreneur. You are going to develop your own set of characteristics, skills, abilities, traits, etc., which collectively make for a successful entrepreneur, and explore how you see these characteristics in yourself. Remember, this is not about finding the right answer, or providing a set of characteristics that was developed by someone else, but rather this is about developing your own set of characteristics with supporting rationale. Your submission should be about 250 words, which is one page double spaced, or it could be done as an infographic, or a two-three minute presentation. If you are doing this as part of a formal course and have a different approach that you would like to take for developing this assignment, please check with your instructor.

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##### Text Attributions

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##### References

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# Unit 3: The Entrepreneurial Process

## Unit 3 Introduction

One or more interactive elements has been excluded from this version of the text. You can view them online here: <https://kpu.pressbooks.pub/introtoentrepreneurship/?p=63#oembed-1>

## Transcript

Now that we have a sense of what entrepreneurship is and what it means to us individually, as well as who entrepreneurs are and what makes them successful, it's time to dig into the entrepreneurial process. Now remember entrepreneurial ventures do not have to be for-profit businesses to be entrepreneurial, rather they can be not-for-profit social change movements, charitable organizations, government initiatives, Improvement Concepts, or your classic start a small business. Regardless of the manifestation, the process that we need to go through to go from an entrepreneurial idea and opportunity to making something actually happen is the same. We need to be able to identify exciting opportunities evaluate and analyze them in a meaningful way, Gather resources and engage others, as well as develop a planning document that will get everyone on the same page and ready to hit the ground running. In this unit, we are going to apply this process and run through a simulation before you do this on your own in unit 4.

By the end of this unit, you will complete the following:

### Learning Objectives

- Identify exciting entrepreneurial opportunities
- Evaluate exciting entrepreneurial opportunities
- Model the entrepreneurial process for the exciting entrepreneurial opportunities
- Create entrepreneurial planning documents



## 7 Entrepreneurial Process

### Task Summary:

- [Lesson 3.1.1: The Entrepreneurial Process: Part 1](#)
  - [Lesson 3.1.2: The Entrepreneurial Process: Part 2](#)
  - [Lesson 3.1.3: Entrepreneurial Planning: Part 1](#)
  - [Lesson 3.1.4: Entrepreneurial Planning: Part 2](#)
  - [Lesson 3.1.5: Entrepreneurial Planning: Part 3](#)
  - [Activity 3.1.1: SDG Simulation](#)
  - [Unit 3 Assignment: Your Plan of Action](#)
- 

### Learning Outcomes:

- Identify exciting entrepreneurial opportunities
- Evaluate exciting entrepreneurial opportunities
- Model the entrepreneurial process for the exciting entrepreneurial opportunities
- Create entrepreneurial planning documents

Successful entrepreneurship occurs when creative individuals bring together a new way of meeting needs and or wants. This is accomplished through a patterned process, one that mobilizes and directs resources to deliver a specific product or service to those in a way that is financially viable. While these could be 100% business ideas, they could also be concepts that are based in the spirit of altruism or non-profit. For innovative ideas that are strictly business concepts, sustainability can (and should) be embedded in the design of a product and operations by applying the criteria of reaching toward benign (or at least considerably safer) energy and material use, a reduced resource footprint, and elimination of inequitable social impacts due to the venture's operations, including its supply-chain impacts.

Entrepreneurial innovation combined with sustainability principles can be broken down into the following four key elements, each of which requires analysis. Each one needs to be analyzed separately, and then the constellation of factors must fit together into a coherent whole. These four elements are as follows:

- Opportunity
- Market
- Entrepreneur/team
- Resources

Successful ventures are characterized by coherence or “fit” across and throughout these steps. The interests and skills of the entrepreneur must fit with the product design and offering; the team’s qualifications should match the required knowledge needed to launch the venture. There needs to be a financially viable demand (enough people at a financially viable price) for the product or service, and of course, early adopters (those willing to purchase) have to be identified. Finally, sufficient resources, including financial resources (e.g., operating capital), office space, equipment, production facilities, components, materials, and expertise, must be identified and brought to bear. Each piece is discussed in more detail in the sections that follow.

### **Lesson 3.1.1: The Entrepreneurial Process: Part 1**

#### ***Identify, Analyze, and Plan the Opportunity***

As discussed in the last section, Opportunity Recognition is the active, cognitive process (or processes) through which individuals conclude that they have identified the potential to create something new that has the potential to generate economic value and that is not currently being exploited or developed and is viewed as desirable in the society in which it occurs (i.e. its development is consistent with existing legal and moral conditions). (Baron, 2004b, p. 52) Because opportunity recognition is a cognitive process, according to Baron (2004b), people can learn to be more effective at recognizing opportunities by changing the way they think about opportunities and how to recognize them.

The opportunity is a chance to satisfy the needs and desires of a certain group of people while generating returns that enable you to continue to operate and to build your organization over time. Many different conditions in society can create opportunities for new goods and services. As a prospective entrepreneur, the key questions are as follows:

- What is a need that is not being met?
- What are the conditions that have created an opportunity for my idea?
- Why do people want and need something new at this point in time?
- What are the factors that have opened up the opportunity?
- Will the opportunity be enduring, or is it a window that is open today but likely to close tomorrow?
- If you perceive an unmet need, can you deliver what the customer wants while generating durable margins and profits?
- How can I take on this venture while supporting the Sustainable Development Goals?

Opportunity conditions arise from a variety of sources. At a broad societal level, they are present as the result of forces such as shifting demographics, changes in knowledge and understanding due to scientific advances, a rebalancing or imbalance of political winds, or changing attitudes and norms that give rise to new needs. Certain demographic shifts and pollution challenges create SDG opportunities. When you combine enhanced public focus on health and wellness, advanced water treatment methods, clean combustion technologies, renewable “clean” energy sources, conversion of used packaging into new asset streams, benign chemical compounds for industrial processes, and local and sustainability has grown organic food, you begin to see the wide range of opportunities that exist due to macrorends.

**Make sure to answer the opportunity questions above in your Entrepreneurial Plan.**

### ***Identify, Analyze, and Plan the Market***

What are you offering/doing/selling/contributing? New ventures offer solutions to people's problems. This concept requires you to not only examine the item or service description but also further understand the group of people whose unmet needs you are meeting (often called market analysis). In any entrepreneurial innovation circumstance you must ask the following questions:

- What is the solution for which you want someone to pay?
- Is it a service or product, or some combination?
- To whom are you selling it? Is the buyer the actual user? Who makes the purchase decision?
- What is the customer's problem and how does your service or product address it?

Understanding what you are selling is not as obvious as it might sound. When you sell an electric vehicle you are not just selling transportation. The buyer is buying a package of attributes that might include cutting-edge technology, lower operating costs, and perhaps the satisfaction of being part of a solution to health, environmental, and energy security problems.

**Make sure to answer the market questions above in your Entrepreneurial Plan.**

### **Lesson 3.1.2: The Entrepreneurial Process: Part 2**

#### ***Identify, Analyze, and Plan the Entrepreneur & Entrepreneurial Team***

The opportunity and the entrepreneur must be intertwined in a way that optimizes the probability for success. People often become entrepreneurs when they see an opportunity. They are compelled to start something to find out whether they can convert that opportunity into an ongoing source of fulfillment and potential financial gain. That means that, ideally, the entrepreneur's life experience, education, skills, work exposure, and network of contacts align well with the opportunity. We have covered this in previous sections, so if you need to refer back to consider the role of the entrepreneur's skills, abilities, and cognition.

Entrepreneurs sometimes act alone, but this can only take us so far. A good entrepreneurial plan, an interesting product idea, and a promising opportunity are all positive, but in the end it is the ability of the entrepreneur to attract a team, get a product out, and provide it to customers is the thing that counts.

Typically there is an individual who initially drives the process through his or her ability to mobilize resources and sometimes through sheer force of will, hard work, and determination to succeed. In challenging times it is the entrepreneur's vision and leadership abilities that can carry the day.

Ultimately, led by the entrepreneur, a team forms. As the organization grows, the team becomes the key factor. The entrepreneur's skills, education, capabilities, and weaknesses must be augmented and complemented by the competencies of the team members they bring to the project. The following are important questions to ask:

- Does the team as a unit have the background, skills, and understanding of the opportunity to overcome obstacles?
- Can the team act as a collaborative unit with strong decision-making ability under fluid conditions?
- Can the team deal with conflict and disagreement as a normal and healthy aspect of working through complex decisions under ambiguity?

If an organization has been established and the team has not yet been formed, these questions will be useful to

help you understand what configuration of people might compose an effective team to carry the business through its early evolutionary stages.

**Make sure to note who / what expertise is needed in your team as part of your Entrepreneurial Plan.**

### ***Identify, Analyze, and Plan the Resources***

Successful entrepreneurial processes require entrepreneurs and teams to mobilize a wide array of resources quickly and efficiently. All innovative and entrepreneurial ventures combine specific resources such as capital, talent and know-how (e.g., accountants, lawyers), equipment, and production facilities. Breaking down an opportunity's required resources into components can clarify what is needed and when it is needed. Although resource needs change during the early growth stages of an opportunity, at each stage the entrepreneur should be clear about the priority resources that enable or inhibit moving to the next stage of growth. What kinds of resources are needed? The following list provides guidance:

- **Capital.** What financial resources, in what form (e.g., equity, debt, family loans, angel capital, venture capital), are needed at the first stage? This requires an understanding of cash flow needs, break-even time frames, and other details. Even non-profits need to make money to stay afloat. Back-of-the-envelope estimates must be converted to pro forma income statements to understand financial needs.
- **Know-how.** Record keeping and accounting and legal process and advice are essential resources that must be considered at the start of every venture. Access to experts is important, especially in the early stages of making an opportunity happen. New opportunities require legal incorporation, financial record keeping, and rudimentary systems and resources to provide for these expenses need to be considered.
- **Facilities, equipment, and transport.** Does the venture need office space, production facilities, special equipment, or transportation? At the early stage of analysis, ownership of these resources does not need to be determined. The resource requirement, however, must be identified.

**Make sure to note what resources are needed as part of your Entrepreneurial Plan**

### ***The Overall Process***

The process of entrepreneurship melds these pieces together in processes that unfold over weeks and months, and eventually years if the business is successful. Breaking down the process into categories and components helps you understand the pieces and how they fit together. What we find in retrospect with successful launches is a cohesive fit among the parts. The entrepreneur's skills and education match what the start-up needs. The opportunity can be optimally explored with the team and resources that are identified and mobilized. The resources must be brought to bear to launch the opportunity with an entry strategy that delivers the value-driven concept in a way that solves customers' problems.

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### **Lesson 3.1.3: Entrepreneurial Planning: Part 1**

With all of these things in mind, documenting answers to the questions above, and the analysis undertaken to answer them is contained in an entrepreneurial plan. This is a document that you would use to plan out the details



for the elements outlined above. Making sure you identify, analyze, and plan these elements is a great starting point, and to make sure this is all done really well, have a look at the principles below.

### ***Entrepreneurial Plan Communication Principles***

As Hindle and Mainprize (2006) note, business plan writers must strive to communicate their expectations about the nature of an uncertain future. However, the liabilities of newness make communicating the expected future of new opportunities difficult (more so than for existing organizations). They outline five communications principles:

- Expectations
  - Translation of your vision of the venture and how it will perform into a format compatible with the expectations of the readers
  - Communicate that
    - you have identified and understood the key success factors and risks
    - the projected market is large and you expect good market penetration
    - you have a strategy for commercialization, profitability, and market domination
    - you can establish and protect a proprietary and competitive position
- Milestones
  - Anchoring key events in the plan with specific financial and quantitative values
  - Communicate that
    - your major plan objectives are in the form of financial targets
    - you have addressed the dual need for planning and flexibility
    - you understand the hazards of neglecting linkages between certain events
    - you understand the importance of quantitative values (rather than just chronological dates)
- Opportunities
  - Nothing lasts forever—things can change to impact the opportunity: tastes, preferences, technological innovation, competitive landscape
  - Communicate these four aspects to distinguish the business concept, distinctive competencies, and sustainable advantages:
    - the new combination upon which venture is built
    - the magnitude of the opportunity or market size
    - market growth trends
    - venture's value from the market (% of market share proposed or market share value in dollars)
- Context
  - Four key aspects describing context within which new opportunity is intended to function (internal and external environment)
  - Communicate
    - how the context will help or hinder the proposal

- how the context may change and affect the organization and the range of flexibility or response that is built into the venture
  - what management can or will do in the event the context turns unfavorable
  - what management can do to affect the context in a positive way
  - Entrepreneurial Model
    - A brief and clear statement of how an idea actually becomes a business that creates value
    - Communicate
      - Who pays, how much, and how often?
      - The activities the company must perform to produce its product, deliver it to its customers, and earn revenue
      - And be able to defend assertions that the venture is attractive and sustainable and has a competitive edge
- 

### Lesson 3.1.4: Entrepreneurial Planning: Part 2

#### *Entrepreneurial Plan Credibility Principles*

Entrepreneurial plan writers must strive to project credibility (Hindle & Mainprize, 2006), so there must be a match between what the entrepreneurship team (resource seekers) needs and what the resource providers expect based on their criteria. A take it or leave it approach (i.e. financial forecasts set in concrete) by the entrepreneurship team has a high likelihood of failure in terms of securing resources. Hindle and Mainprize (2006) outline five principles to help entrepreneurs project credibility:

- Team
  - Without the right team, nothing else matters.
  - Communicate
    - What do they know?
    - Who do they know?
    - How well are they known?
- Elaboration
  - Break down individual tasks into their sub-parts so each step maximizes the upside and minimizes the downside:
    - sub-strategies
    - ad-hoc programs
    - specific tactical action plans
- Scenario Integration
  - Claiming an insuperable lead or a proprietary market position is naïve.
  - Opportunity building is like chess:
    - Anticipate several moves in advance
    - View the future as a movie vs. snapshot
- Financial Link

- Key assumptions related to market size, penetration rates, and timing issues of market context outlined in the entrepreneurial plan should link directly to the financial statements.
  - Income and cash flow statements must be preceded by operational statements setting forth the primary planning assumptions about market sizes, sales, productivity, and basis for the revenue estimate.
  - The Deal
    - If the main purpose is to enact a harvest, then the entrepreneurial plan must create a value-adding deal structure to attract investors.
    - Common things: viability, profit potential, downside risk, likely life-cycle time, potential areas for dispute or improvement
- 

### **Lesson 3.1.5: Entrepreneurial Planning: Part 3**

#### ***General Entrepreneurial Plan Guidelines***

Many entrepreneurs must have a plan to achieve their goals. The following are some basic guidelines for entrepreneurial plan development.

- A standard format helps the reader understand that the entrepreneur has thought everything through and that the returns justify the risk.
- Binding the document ensures that readers can easily go through it without it falling apart.
- Be 100% certain that...
  - everything is completely integrated: the written part must say exactly the same thing as the financial part
  - all financial statements are completely linked and valid (make sure all balance sheets validly balance)
  - the document is well-formatted (layout makes the document easy to read and comprehend—including all diagrams, charts, statements, and other additions)
  - everything is correct (there are NO spelling, grammar, sentence structure, referencing, or calculation errors)
  - the document is easy to read and comprehend because it is organized well with no unnecessary repetition
    - It is usually unnecessary—and even damaging—to state the same thing more than once. To avoid unnecessarily duplicating information, you should combine sections and reduce or eliminate duplication as much as possible.
  - all the necessary information is included to enable readers to understand everything in your document
  - the terms you use in your plan are clear
    - For example, if your plan says something like “there is a shortage of 100,000 units with competitors currently producing 25,000. We can help fill this huge gap in demand with our capacity to produce 5,000 units,” a reader is left completely confused. Does

this mean there is a total shortage of 100,000 units, but competitors are filling this gap by producing 25,000 per year (in which case there will only be a shortage for four years)? Or, is there an annual shortage of 100,000 units with only 25,000 being produced each year, in which case the total shortage is very high and is growing each year? You must always provide the complete perspective by indicating the appropriate time frame, currency, size, or another measurement.

- if you use a percentage figure, you indicate to what it refers, otherwise, the figure is completely useless to a reader.
- if your plan includes an international element, which currencies the costs, revenues, prices, or other values are quoted in
  - This can be solved by indicating up-front in the document the currency in which all values will be quoted. Another option is to indicate each time which currency is being used, and sometimes you might want to indicate the value in more than one currency. Of course, you will need to assess the exchange rate risk to which you will be exposed and describe this in your document.
- Credibility is both established and maintained
  - If a statement is included that presents something as a fact when this fact is not generally known, always indicate the source. Unsupported statements damage credibility
  - Be specific. An entrepreneurial plan is simply not of value if it uses vague references to high demand, carefully set prices, and another weak phrasing. It must show hard numbers (properly referenced, of course), actual prices, and real data acquired through proper research. This is the only way to ensure your plan is considered credible.

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### Activity 3.1.1: SDG Simulation

An interactive H5P element has been excluded from this version of the text. You can view it online here:  
<https://kpu.pressbooks.pub/introtoentrepreneurship/?p=105#h5p-75>

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### Unit 3 Assignment: Your Plan of Action

The purpose of this assignment is to connect all of the dots that you have been learning about and engaging with over the past unit when it comes to the entrepreneurial planning process. Watch this [video on developing a process map](#). You are going to develop your own process map outlining the steps you need to take to develop a robust and well-thought-out entrepreneurial plan. Have a look at the Unit 4 Assignment: Entrepreneurial Plan for more information on what you're going to be building.

The submission should be methodical and outline the process you will go through (i.e. what steps you will complete), and the information sources you will need to fill in the gaps and fill out your plan. Your submission should include a process map diagram, and be about 250 words, which is one page double spaced, or it could be done as an infographic, or a two-three minute presentation. If you are doing this as part of a formal course and have a different approach that you would like to take for developing this assignment, please check with your instructor.

**Text Attributions**

The content related to how it all starts and the process steps was taken from “[Sustainability, Innovation, and Entrepreneurship](#)” by LibreTexts (2020) [CC BY-NC-SA](#)

The content related to the opportunity identification cognition and the entrepreneurial plan was taken from “[Entrepreneurship and Innovation Toolkit, 3rd Edition](#)” by L. Swanson (2017) [CC BY-SA](#)

**References**

Baron, R. A. (2004b). Opportunity recognition: Insights from a cognitive perspective. In J. E. Butler (Ed.), *Opportunity identification and entrepreneurial behavior* (pp. 47-73). Greenwich, Conn.: Information Age Pub

Hindle, K., & Mainprize, B. (2006). A systematic approach to writing and rating entrepreneurial business plans. *The Journal of Private Equity*, 9(3), 7-23.



## 8 Unit 4 Assignment Preparation

With all of your new knowledge and insights well in hand from Units 1-3, you are ready to start thinking creatively and innovatively about your own possible entrepreneurial opportunities!

The world is full of challenging problems, and what's amazing is you can making a living through taking these challenges on and effectively solving them. As a reminder, there are many ways to think creatively and innovatively about how to solve problems. Your mission, should you choose to accept it, is to watch the video and review the infographic below on the UN's Sustainable Development Goals (SDGs), and choose three to dig into to brainstorm the "problems" (i.e. things that could be better) in the world associated with your SDGs of choice. These could be big or small, clear or fuzzy, but think about what the root causes leading to global challenges the SDGs of your choosing are intending to address.

What are the SDGs? Check out this Video:



One or more interactive elements has been excluded from this version of the text. You can view them online here: <https://kpu.pressbooks.pub/introtoentrepreneurship/?p=109#oembed-1>

Also have a look at this nifty infographic (un.org, 2015) that showcases all 17:



Take some time to research the three SDGs that excite you the most, and speak to you as areas that need to improve in the world as soon as possible. The three you choose will be different from the three other people chose,

and that's a great thing. If we all chose the same areas of passion, we would miss out on solving all sorts of challenges!

Research online sources to understand the root causes of the problems the three SDGs are trying to address. What have you found to be the root causes? Why are these so hard to fix? What can be done now and what will take time?

**In the next module, you will develop your entrepreneurial plan.**

#### **Media Attributions**

Photo of the ripple effect by [PublicDomainPictures](#) on [Pixabay](#).

#### **References**

United Nations. (2015). *Do you know all 17 SDGs?* Retrieved from: <https://youtu.be/0XTBYMfZyrM>

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# Unit 4: Your Entrepreneurial Potential

## Unit 4 Introduction

One or more interactive elements has been excluded from this version of the text. You can view them online here: <https://kpu.pressbooks.pub/introtoentrepreneurship/?p=494#oembed-1>

## Transcript

Welcome officially to your final unit, unit 4. In this unit, we are going to bring everything that you have learned together to develop an entrepreneurial plan to help address 1 of the Sustainable development goals. This is a great opportunity to play and experiment with developing an entrepreneurial plan, and to start getting some experience in analyzing opportunities. This is such an important skill, regardless of the industry or area in which you want to work. Take advantage of the experience that you've had building your own entrepreneurial skills throughout the course and in your life, and let's develop some really robust plans that can position us and others to change the world.

By the end of this unit, you will complete the following:

### Learning Outcomes

- Create an entrepreneurial plan



## 9 Unit 4 Assignment Delivery: Entrepreneurial Plan

### Plan

Now that you have identified three of the sustainable development goals (SDGs) that appeal to you the most, and researched some of the challenging root causes associated with them, it's time to choose one for your entrepreneurial plan. Choose the SDG that gets you the most excited, the one you are the most passionate about. With this SDG in mind, determine what your potential entrepreneurial opportunity is to help address this SDG. You will use the entrepreneurial process outlined in Unit 3, and your process map from your Unit 3 assignment to develop your entrepreneurial plan to help address this sustainable development goal of your choice. Your entrepreneurial plan should include three main sections (excluding the cover page, table of contents and appendices): Problem, Opportunity, Plan and make sure to use the principles and guidance from Unit 3 on the entrepreneurial process.

#### **Problem (Identify & Analyze) (approx 100 – 200 words up front + appendix to show analysis)**

1. The SDG and the extent of the need for action
2. Key challenges associated with achieving this SDG
3. Outline (at least some of) the root causes

#### **Opportunity (Identify & Analyze) (approx 150-250 words up front + appendix to show analysis)**

1. Explain the entrepreneurial opportunity that can be done to help achieve this goal (this could be large or small, but it needs to be entrepreneurial, actionable, and unique (i.e not about changing policies or governance level challenges that are slow and can take decades)? Brainstorm, think creatively, and feel free to start small!
2. Outline clearly how the opportunity addresses at least one of the root causes you identified in the problem section
3. Indicate if there is a group of people who will pay you money for what you're doing, and if this matters, and how much (roughly) will they pay for the value you're providing (note this needs to be based on evidence and logic)

#### **Plan (Identify, Analyze & Plan) (approx 500-750 words + appendix to show analysis)**

1. What makes you uniquely able to make this opportunity happen?
2. Can you do this on your own or will you need help? If you need help, who will help? Who will be on your team and what skills do they need?

3. What resources do you need access to? Facilities? Materials? Social Media? Others? How will you get these?
4. What is the timeline to make this happen?

**Technical specifications:**

Check with your instructor but this could be presented as a proposal document, presentation or something else. You could use Word, Adobe, Canva, PPT, Prezi, WordPress or many other means to bring this together. Check the modality you want to use with your instructor, bearing in mind the approximate section depth guidelines above.

For formality, I would suggest having a cover page and table of contents and appendices to show your supporting analysis

Develop your Entrepreneurial Plan and let's change the world!

## 10 Course Wrap up and Reflection

As we come to a close, it's time to reflect back on your entrepreneurial learning journey throughout this course, and what better way to wrap up than to complete your final journal in this course. Journaling is a really powerful way to learn because it gets us to pause and reflect not only on what we have learned but also on what it means to us. Journaling makes meaning of material in a way that is personal and powerful.

Similarly to your unit end reflections in Units 1-3, we are going to focus on developing a learning and growth centered action plan given your journal reflections and learning experience throughout the course by taking a reflective approach called ORID.

“ORID Is a specific facilitation framework that enables a focused conversation with a group of people in order to reach some point of agreement or clarify differences” (BetterEvaluation.org, 2021):

- ‘O’ stands for objective – what is the key learning you are taking away from this course and learning experience? This could be a particular content element, a skill or something you learned about your own entrepreneurial capacity!
- ‘R’ stands for reflective – how do you feel about this key learning? What do you appreciate or dislike about it?
- ‘I’ stands for interpretive – What were the issues or challenges associated with this key learning?
- ‘D’ stands for decisional – How are you going to integrate this key learning into your life? Develop a meaningful plan with three clear learning goals, and specific actions you need to take, how you will take them, and when you will take them, to address any challenges or weaknesses before you move into the next term.

Your final reflection should be either 500-700 written words or a video that is approximately 6-7 minutes. Check with your instructor about completing this using an alternative medium.



## About the Editor

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Katherine Carpenter (Cochrane) has an MBA from the University of Victoria and has been a full-time Faculty Member with Kwantlen Polytechnic University since 2020. Katherine has over 12 years of experience teaching in-person and online and delivering advisory projects to various entrepreneurial organizations. In addition to entrepreneurship, her areas of expertise include student engagement, online learning, program development and renewal, and instructional design.



Katherine is currently a developer in the Open Education for a Better World mentoring program and is a 2021 OER Grant Recipient through the KPU Open Education Working Group. When she's not instructing with KPU, Katherine also teaches at other public and PVI organizations across the country, and advocates for UDL, open education, online delivery, and continuously improving programs to meet the needs of those learners worldwide.

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Jonathan Carpenter has over 25 years of entrepreneurial and teaching experience in running businesses across Vancouver Island, and teaching business courses at postsecondary institutions across the country. Jonathan's specialty is developing multimedia resources in alignment with pedagogical best practices to meet the needs of online learners as they develop digital literacy. Jonathan was responsible for all of the multimedia design and development throughout this course, and has a passion for research in the fields of learning and technology.

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Andrea Niosi (MBA, UBC) has been teaching undergraduate business courses (Marketing, Entrepreneurial Leadership) at Kwantlen Polytechnic University since 2008. In 2021, Andrea published her first open textbook, *An Introduction to Consumer Behaviour* along with its companion, the Ancillary Resource Guide. Andrea engages in open pedagogy practices with her students by supporting their efforts in creating renewable & publishable work to supply the public domain with under-represented voices and examples in business. In 2020 Andrea was a BC Campus Grant Recipient and Fellow in KPU's SDG Open Pedagogy Fellowship program.

Since 2019, Andrea has been an active participant in the Open Education for a Better World mentoring program – first as a developer and now as a mentor. Andrea is a 2021 recipient of BC Campus' Award for Excellence in Open Education and when she's not teaching at KPU she is a visiting instructor at the Vienna University of Applied Science and presenter at various conferences where she advocates, shares, and inspires others in the areas of open education and open pedagogy.