KUWAIT COLLEGE OF SCIENCE & TECHNOLOGY
كلية الكويت للعلوم والتكنولوجيا

BM301-Innovation and Entrepreneurship

Chapter-1
Introduction to Entrepreneurship and Innovation

Barringer (Ch.1) &Bessant (Ch.1)



Learning Objective

1.1 Describe entrepreneurship, corporate entrepreneurship, and the characteristics of entrepreneurial firms.

1.2 Discuss three main reasons people decide to become entrepreneurs.

1.3 Identify four main characteristics of successful entrepreneurs.

1.4 Explain five common myths regarding entrepreneurship.

1.5 Describe the three types of startup firms.

1.6 Discuss the changing diversity of new entrepreneurs.

1.7 Discuss the positive effects of entrepreneurship and entrepreneurial firms on economies and societies.

1.8 Explain the entrepreneurial process and the process model for innovation and Entrepreneurship

Introduction to Entrepreneurship (3 of 3)

- Having a motivation to start and run a business is not enough
  - Also need:
    - A solid business idea
    - Good financial management
    - Effective execution

https://www.youtube.com/watch?v=q7K9RXqAK6s



Discussion:

- **Do you want to become a Job Seeker or a Job Creator and why?**



1.1 What Is Entrepreneurship? (1 of 3)

- Entrepreneurship is the process by **which individuals pursue opportunities** without regard to resources they currently control.
  - Entrepreneurs assemble and then **integrate all the resources** needed—the money, the people, the business model, the strategy—to transform an invention or an idea into a viable business.





1.1 What Is Entrepreneurship? (2 of 3)

- Corporate Entrepreneurship
  - Is the conceptualization of entrepreneurship at the firm level.
    - All firms fall along a conceptual continuum that ranges from highly conservative to highly entrepreneurial.
      - The position of a firm on this continuum is referred to as its entrepreneurial intensity.



1.1 What Is Entrepreneurship? (3 of 3)

Entrepreneurial Firms

- Proactive*
- Innovative
- Risk taking

Conservative Firms

- Take a more “wait and see” posture
- Less innovative
- Risk averse

*Proactive-(of a person or action) creating or controlling a situation rather than just responding to it after it has happened.

1.2 Why Do People Become Entrepreneurs?

- The three primary reasons that people become entrepreneurs and start their own firms are the following.
  - **Desire to be their own boss**
  - **Desire to pursue their own ideas**
  - **Pursue financial rewards**

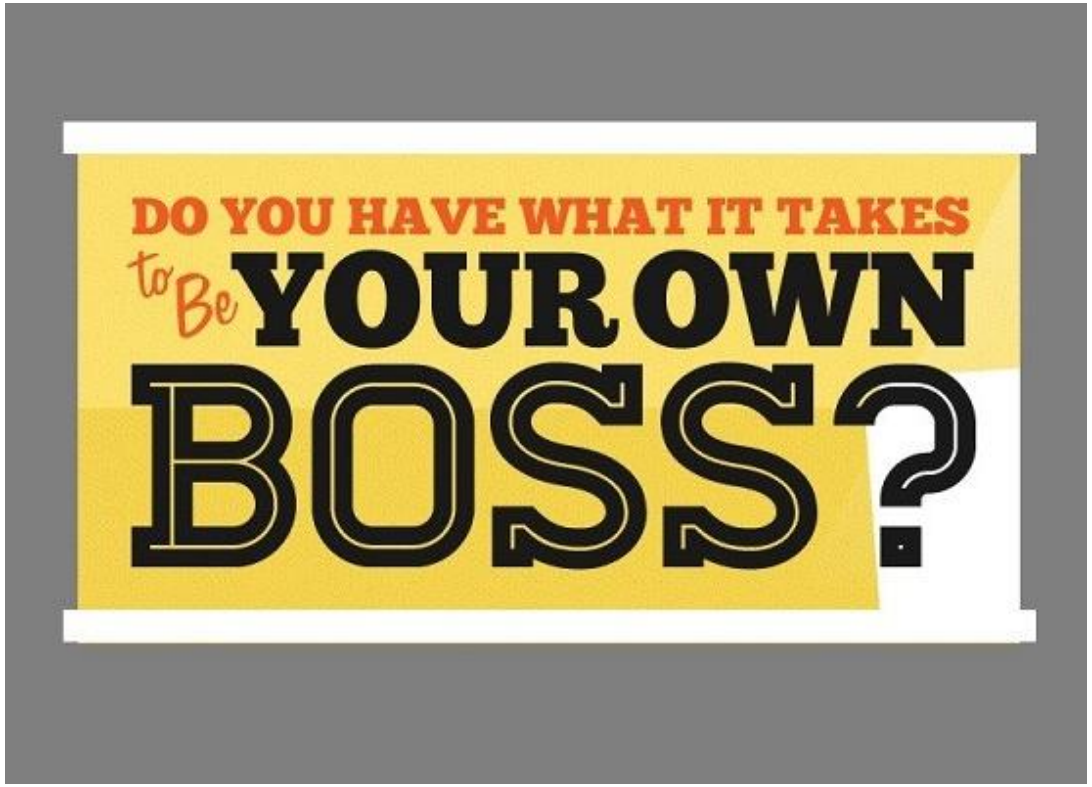
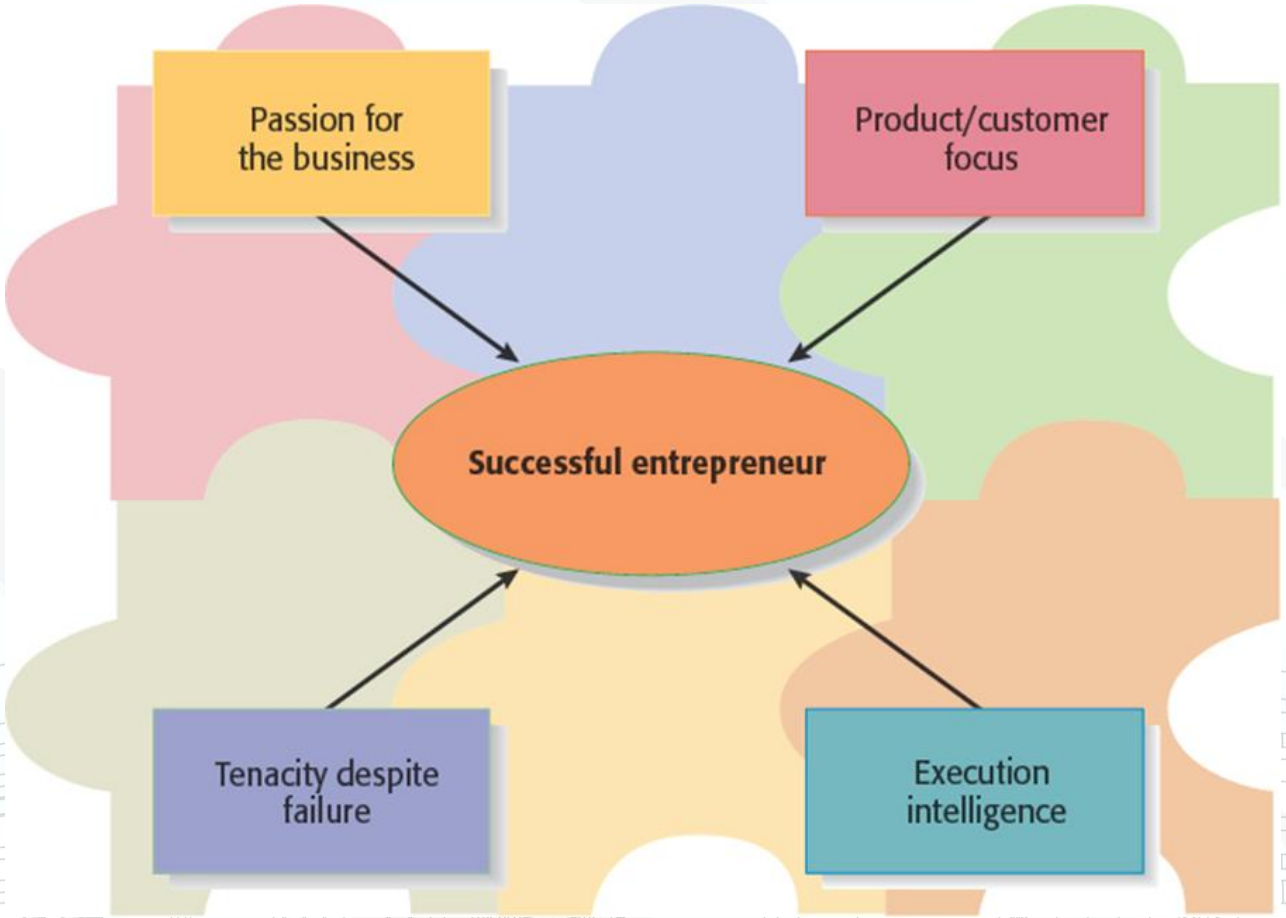


Figure 1.1 Four Primary Characteristics of Successful Entrepreneurs

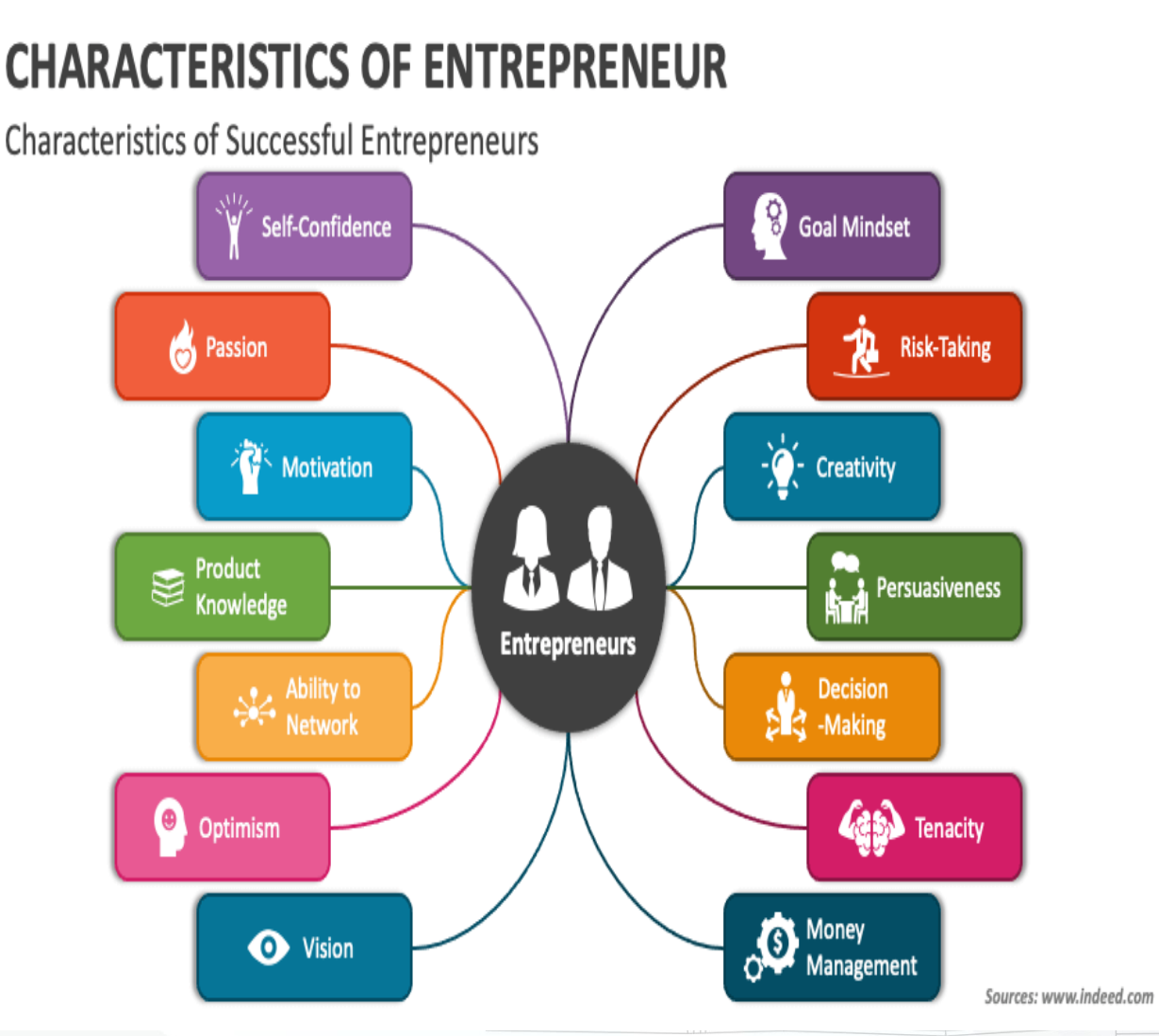


1.3 Characteristics of Successful Entrepreneurs (1 of 2)

- **Passion for the Business**
  - The number one characteristic shared by successful entrepreneurs is a passion for the business.
  - This passion typically stems from the entrepreneur's belief that the business will positively influence people's lives.
- **Product/Customer Focus**
  - A second defining characteristic of successful entrepreneurs is a product/customer focus.
  - An entrepreneur's keen focus on products and customers—need to have good products that will satisfy customers.

https://www.youtube.com/watch?v=-sQeREfZY-8

1.3 Characteristics of Successful Entrepreneurs (2 of 2)



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

1.4 Common Myths About Entrepreneurs (1 of 6)

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

Discussion:



1.4 Common Myths About Entrepreneurs (3 of 6)



- **Myth 2:** Entrepreneurs Are Gamblers
  - Most entrepreneurs are moderate risk takers.
  - The idea that entrepreneurs are gamblers originates from two sources:
    - Entrepreneurs typically have jobs that are less structured, and so they face a more uncertain set of possibilities than people in traditional jobs.
    - Many entrepreneurs have a strong need to achieve and set challenging goals, a behavior that is often equated with risk taking.

1.4 Common Myths About Entrepreneurs (4 of 6)

- **Myth 3:** Entrepreneurs Are Motivated Primarily by Money
  - While it is naïve to think that entrepreneurs don't seek financial rewards, money is rarely the reason entrepreneurs start new firms.
  - In fact, some entrepreneurs warn that the pursuit of money can be distracting.



1.4 Common Myths About Entrepreneurs (5 of 6)

- **Myth 4:** Entrepreneurs Should Be Young and Energetic
  - Entrepreneurial activity is fairly evenly spread out over age ranges.
  - While it is important to be energetic, investors often cite the strength of the entrepreneur as their most important criterion in making investment decisions.
    - What makes an entrepreneur “strong” in the eyes of an investor is experience, maturity, a solid reputation, and a track record of success.
    - These criteria favor older rather than younger entrepreneurs.

Colonel Harland Sanders (KFC): Harland Sanders, otherwise called Colonel Sanders, began Kentucky Fried Chicken (KFC) at 65 years old. He transformed his Little Side of the Road café into a worldwide cheap food chain, demonstrating that age isn't a boundary to innovative achievement.

1.4 Common Myths About Entrepreneurs (6 of 6)

- **Myth 5:** Entrepreneurs Love the Spotlight
  - While some entrepreneurs are flamboyant, the vast majority of them do not attract public attention.
  - As evidence of this, consider the following question: "How many entrepreneurs could you name?"
    - Most of us could come up with Mark Zuckerberg Of Meta, or Elon Musk of Tesla, SpaceX, and X (formerly Twitter).
    - But few could name the founders of Netflix, Spotify, Alibaba, even though we frequently use those firms' services.



Figure 1.2 Types of Startup Firms

Salary-Substitute Firms

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

Lifestyle Firms

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

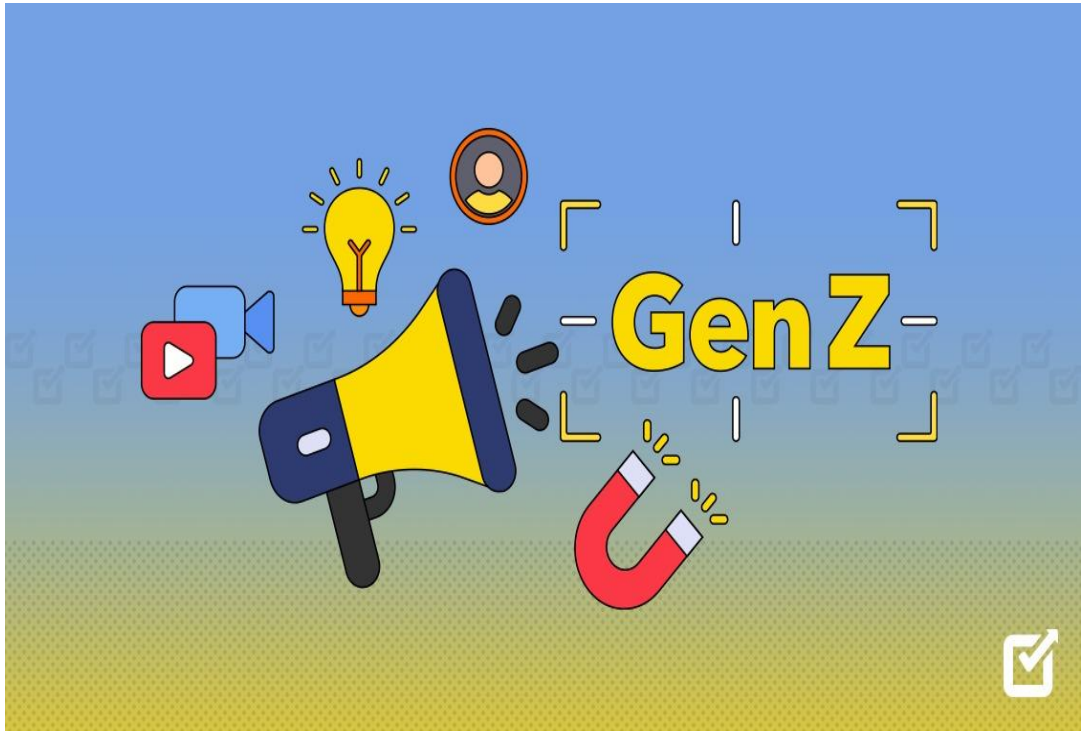
Entrepreneurial Firms

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



1.6 Who Is the Entrepreneur? (4 of 5)

- Gen Z Entrepreneurs
  - Gen Z includes those born between 1997 and 2012.
  - Gen Z has a strong desire to pursue an entrepreneurial career and a strong focus on environmental issues.
  - An Ernest & Young survey shows several points of interest:
    - Digital acceleration
    - Intentional consumerism
    - Purpose and environmental, social, & governance
    - Workplace culture

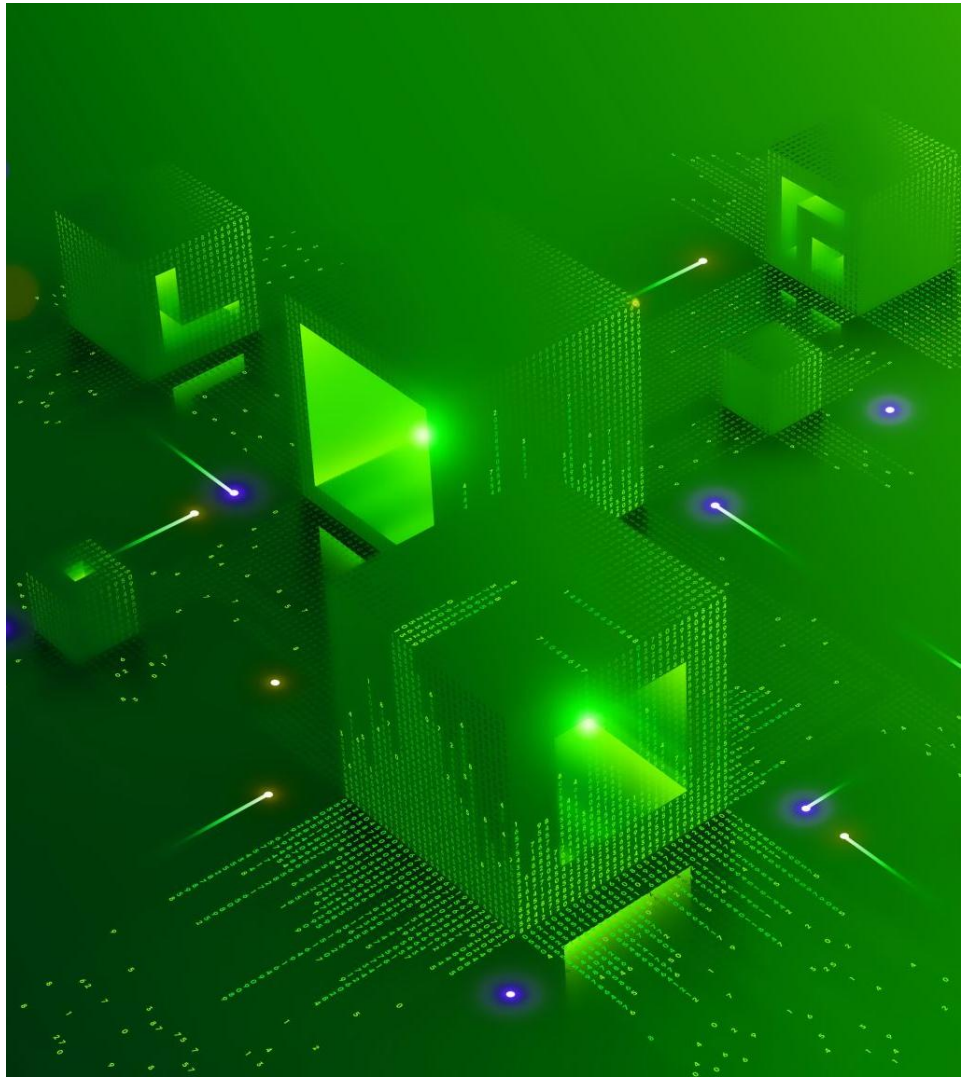


1.6 Who Is the Entrepreneur?

- There are many organizations available to help college students learn more about entrepreneurship and/or advance their business ideas.
- Kuwaiti government has adopted several policies to support, develop and promote entrepreneurship to diversify the economy towards a more sustainable model.
- For example, the Ministry of Commerce and Industry has sought to create a favorable regulatory environment, such as establishing a national fund for SME development and reducing the commercial license processing time and fees. In addition, in 2013, the government initiated the Kuwait Direct Investment Promotion Authority (KDIPA) to enhance the investment environment for both foreign and local investors.

https://kuwaittimes.com/article/10252/opinion/others/entrepreneurial-landscape-of-kuwait/

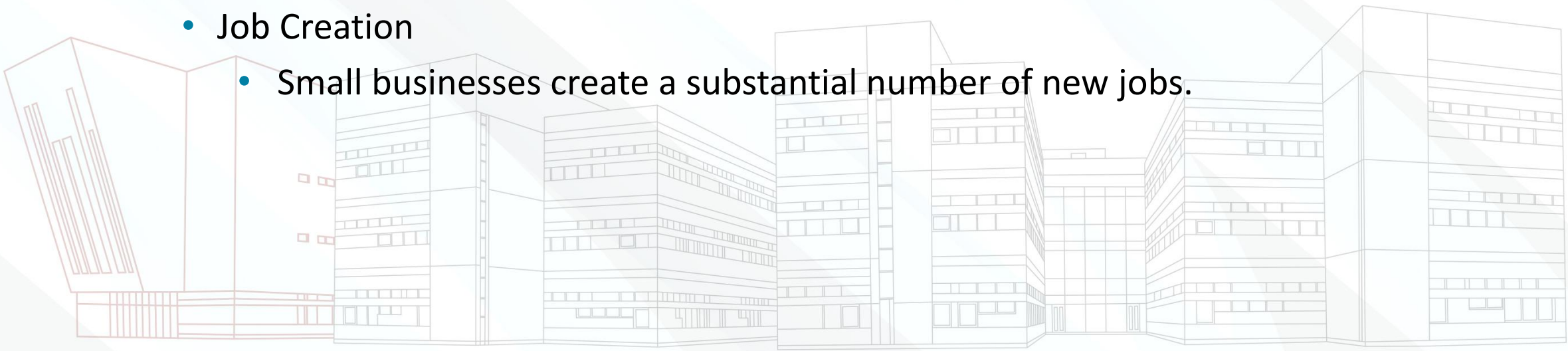
1.7 The Positive Effects of Entrepreneurship and Entrepreneurial Firms (1 of 3)



- **Creative Destruction**
  - Entrepreneurs develop new products and technologies that over time make current products and technologies obsolete.
    - New products and technologies are typically better than those they replace, and the availability of improved products and technologies increases consumer demand, so creative destruction stimulates economic activity.

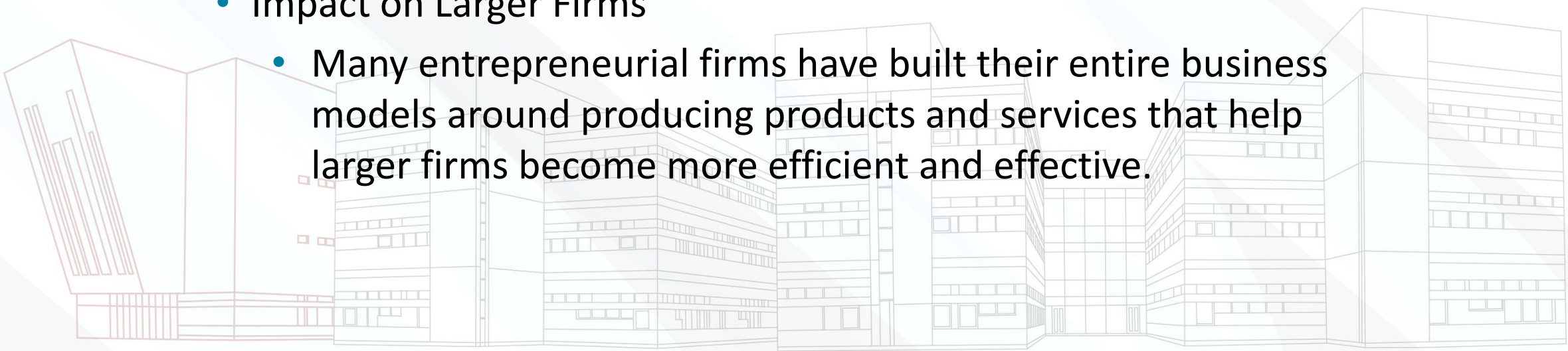
1.7 The Positive Effects of Entrepreneurship and Entrepreneurial Firms (2 of 3)

- Innovation
  - Is the process of creating something new, which is central to the entrepreneurial process.
    - Small businesses that engage in R&D generate more patents per employee than larger businesses that engage in R&D.
- Job Creation
  - Small businesses create a substantial number of new jobs.



1.7 The Positive Effects of Entrepreneurship and Entrepreneurial Firms (3 of 3)

- Impact on Society
  - The innovations of entrepreneurial firms have a dramatic impact on society.
    - Think of all the new products and services that make our lives easier, enhance our productivity at work, improve our health, and entertain us.
- Impact on Larger Firms
  - Many entrepreneurial firms have built their entire business models around producing products and services that help larger firms become more efficient and effective.

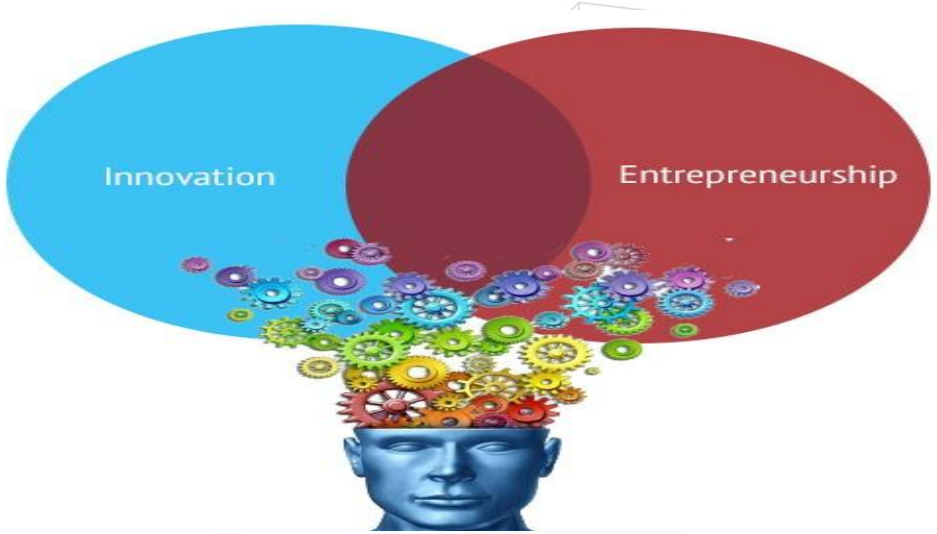


Innovation & Entrepreneurship

Peter Drucker:

> Innovation is the specific tool of entrepreneurs, the means by which they exploit change as an opportunity for a different business or service. It is capable of being presented as a discipline, capable of being learned, capable of being practised.





Dimensions of innovation – what can we change?

Dimension	Type of change
'Product'	Changes in the things (products/services) which an organization offers
'Process'	Changes in the ways in which these offerings are created and delivered
'Position'	Changes in the context into which the products/services are introduced
'Paradigm'- (typical example or pattern of something)	Changes in the underlying mental models which frame what the organization does

A process model of innovation

4 key steps:

- recognizing the opportunity
- finding the resources
- developing the idea
- capturing value.

1.8 The Entrepreneurial Process

The Entrepreneurial Process Consists of Four Steps

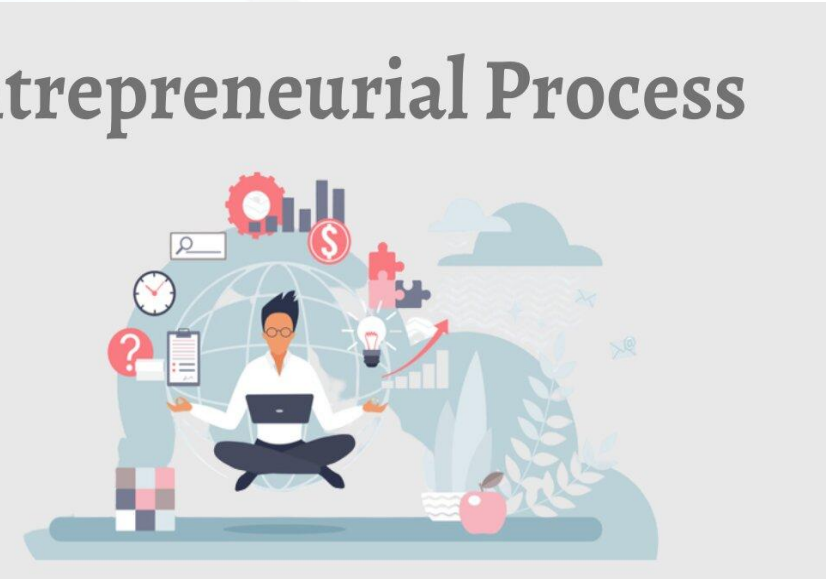
Step 1: Decision to become an entrepreneur

Step 2: Developing successful business ideas

Step 3: Moving from an idea to an entrepreneurial firm

Step 4: Managing and growing the entrepreneurial firm





CLASS ACTIVITY- KNOW THE ENTREPRENEUR

justclean



JustClean founders, Athbi and Nouri Al Enezi, and CEO Mohammed Jaffar. Photo from JustClean.

https://www.forbesmiddleeast.com/innovation/startups/with-%2410m-in-funding-kuwaits-justclean-is-ironing-out-problems-in-the-middle-easts-laundry-business