

Unit 5: Entrepreneurs

1. The entrepreneurial character

What makes a person an entrepreneur? What makes it different from the rest? Can anyone be an entrepreneur? We will respond, next, to these questions.

1.1 Attitudes of the entrepreneur

When we talk about an entrepreneurial character, we refer to an attitude, a way of seeing and experiencing life and an innate capacity to see where others do not see.

People with entrepreneurial character are easy to recognize and, although you cannot always find all the qualities that we will mention below in them, they will always have several of them very accentuated.

1.2 What is the entrepreneurial character?

As a first approximation we can define the entrepreneurial character as the tendency that some people have to develop projects with the desire to obtain a reward, personal, economic or social.

Trend	Projects	Reward
We refer to a constant in the life of the entrepreneur, something that pushes him to go in a certain direction	<ul style="list-style-type: none"> • Business. • Humanitarian. • Personal 	<ul style="list-style-type: none"> • Personal satisfaction. • Economic • Search for social recognition.

1.3 Qualities of the entrepreneurial people

Entrepreneurs usually have a series of qualities that, to a greater or lesser extent, they use to achieve their goals or objectives. We highlight, below, the most important:

- Innovation: Innovative people always find valuable new ways of doing things from an idea.
- Perseverance: people who persevere do not give up and face the difficulties convinced that they will overcome them.
- Seduction: entrepreneurs get others to support and participate in their ideas and projects.
- Initiative: enterprising people do not hide waiting for an ideal situation, but act with the means available to them.
- Flexibility: enterprising people manage to adapt their projects to reality without losing their essence. They are able to match their ideas with other points of view.
- Learning: entrepreneurs are able to learn from their own failures and transform those experiences into a source of value to face future projects.

Activities

1. Read this conversation between two classmates and answer the questions.

Andrés: "You know that Carmen, from the next class, spends some afternoons making bracelets with recycled materials and sells them at breaks. With the money raised, after covering the costs, she buys snacks on Fridays for the students most in need ».

Marta: "Yes, of course. And last year she convinced me to train a team of volleyball composed of girls and boys who feel excluded at school. She is always doing something. She never stops thinking».

Do you think Carmen can fit into what we understand as an enterprising person? Why?

2. Suggest examples (real or fictitious) of entrepreneurs and describe their projects.

2. Entrepreneurial culture and intrapreneurship

2.1 Entrepreneurial culture concept

The entrepreneurial culture is the set of qualities, knowledge and skills that a society possesses and that allows its citizens to solve problems with initiative and responsibility.

Societies where the entrepreneurial culture is rooted have a dynamic character and present flexible structures that facilitate economic and social progress.

2.2 The role of the entrepreneurial culture in society

A society with entrepreneurial culture and institutions that promote it will have citizens:

- With initiative to solve problems.

- With the ability to reach agreements.
- With a sense of responsibility.
- With personal and social concerns.

The entrepreneurial culture affects, in this way, all sides of life, not just business. It is a global concept and will affect the political, economic, legal, social and personal spheres.

A society that pursues self-employment as a solution to high unemployment rates runs the risk of promoting entrepreneurship as a matter of urgency if it does not comprehensively develop the entrepreneurial culture.

In the economic field, we can ensure that:

- Entrepreneurial culture is the basis of entrepreneurship based on the detection of opportunities, generating viable options for self-employment.
- Entrepreneurial culture is the basis of intrapreneurship in companies, generating real options for diversification and innovation.

2.3 Intrapreneurship

Those people who work in companies and who show results of improvement, who strive to discover opportunities for their company, who embark on new projects under the umbrella of their company, are what we call intrapreneurs.

Intrapreneurs want to manage new projects and grow their company. The success of your company is seen by them as your own personal success.

Advantages for the intrapreneur	Advantages for the company
<ul style="list-style-type: none"> • Take advantage of the experience and existing knowledge in the company. • It diminishes its risk position and the uncertainty associated with the entrepreneur. 	<ul style="list-style-type: none"> • Increase its capacity for innovation. • Increase business opportunities.

Activities

3. Classify, as entrepreneurs or intrapreneurs, the following cases, explaining the reason for your decision:

- a) Elena has launched an online legal advisory business.
- b) Martin works in a computer lab where he also creates his own projects.
- c) Lucia meets up once a month with her superiors to suggest possible improvements in the processes of her company.

4. From the following words, make two sets where you group those that you would assign to the entrepreneurial people and those that you think are more typical of the intrapreneurial people (Note: these two sets may have elements in common).

- Risk.
- Innovation.
- Autonomy.
- Dynamism.
- Seduction.

3. The business nature

The figures of entrepreneur and businessman need not coincide. Although in many cases a good entrepreneur can become a good businessman, in others it does not happen that way.

3.1 What is the business character?

Entrepreneurial character is not the same as business character. What's more, a good entrepreneur does not have to be a good businessman.

The concept of entrepreneurial character is a more general concept than the business one and, in addition, they present important differences between them.

Thus, we can find enterprising people who work for others (intrapreneurs) or people who can only focus on social projects that have little or nothing to do with the business environment. Take the example of the volleyball project that Carmen created last year, which we have seen on the previous page.

A second difference is that, while entrepreneurial people devise and develop a business, business people are able to manage it. They are different functions and different skills are required or, at least, the ability to reconcile such intense qualities as restlessness and initiative (typical of the entrepreneur) with patience and constancy typical of the manager.

3.2 Qualities of a businessman

When a project is launched, many of the ingredients that fed the entrepreneurial spirit disappear (the entrepreneur already feels satisfied and needs new, different challenges) and, on the contrary, there are others that are necessary for the project to survive, as the following:

- Anticipation: an entrepreneur must know how to anticipate the reactions of the market and its employees in order to be prepared and in this way make the best decisions.
- Critical sense: an entrepreneur must know how to listen to the market and apply to his company just those decisions that will make it obtain good results.
- Adaptation: an entrepreneur must be able to adapt his company to market conditions, whether they are good or not.
- Perspective: an entrepreneur must know how to approach problems from several points of view. Sometimes, directly; in others, indirectly.

Qualities of a businessman	Qualities of a entrepreneur
<ul style="list-style-type: none"> • Innovation. • Perseverance. • Seduction. • Initiative. • Flexibility • Learning 	<ul style="list-style-type: none"> • Anticipation. • Critical sense. • Adaptation. • Perspective.

Are they two separate figures? Not necessarily. The real world gives us examples of entrepreneurs who have been successful as big businessmen (Amancio Ortega or Bill Gates, for example) and also entrepreneurs who, after implementing their project, delegated roles and / or left the company (Steve Jobs in the case of Apple) to continue undertaking new projects.

Remember: nothing defines you a priori as a businessman or an entrepreneurial person. It depends on what you do and how you do it. Your own life experience will fit you into one of the two categories, or both.

4. Risk, responsibility and failure

Once the entrepreneur puts his idea into practice (from creativity to innovation) and manages to seduce other people to accompany him in his project (investor partners, collaborators, sponsors), two new challenges inevitably appear: assumption of risk and responsibility.

4.1 The risk and responsibility of entrepreneurship

Risk and responsibility are consequences of entrepreneurial and business activity and both variables must be taken into account when considering a project.

The origin is **decision making**. Without it, there is no risk or responsibility. Deciding is part of the managerial task, asking **what I have, why I need it and how I am going to use it**

Risk	Responsibility
Possibility of losing the initial investment and personal credit	Ability to recognize and accept the consequences of a fact done freely.

There will be, therefore, a personal risk (in terms of prestige) and a financial risk (loss of monetary resources) that, necessarily, will result in the assumption of personal, financial and social responsibilities. The correlation between both concepts is usually positive, so that, the higher the level of risk, the higher the levels of responsibility that must be assumed.

Risk and oportunity cost	Risk and rentability
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The opportunity cost is what we stop earning or doing when we make a decision between several alternatives. The higher the risk, the higher the opportunity cost.	The greater the risk assumed, the greater potential gained in case of success and the project. Profitability is, therefore, the reward for the risk assumed.
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The employer is responsible for what he does, for what he does not do and for how he does it. In this way, you will face a:

■ **Legal responsibility:** the legal obligations derived from the business activity must be assumed. Companies must comply with the Law paying taxes and complying with the regulations regarding their business activity. This responsibility is mandatory and essential for its constitution.

■ **Personal responsibility:** The entrepreneurial activity affects the patrimony of the entrepreneur, either totally (individual entrepreneurs), or partially, as it happens with the partners of the capital companies and cooperatives.

■ **Social responsibility:** of a voluntary nature. This type of responsibility tells us how the company should relate to its workers, customers, suppliers, environment, with its surroundings in general. It is a key aspect to generate a successful project.

4.2 Business failure

So, is it advisable to fail? Of course not. What we say is that, if you have to fail, learn from it by identifying what factors led you to do it and, of course, do not let your arms down and undertake a new project.

There are many factors that can lead a project to failure. We will summarize below the most important ones.

■ **Inadequate business plan:** Written by the entrepreneur, it is a document that contains forecasts about the market, the marketing plan, the organization, the investment plan, the financing plan and the economic and financial analysis. It is vital that these forecasts are as realistic as possible.

■ **Team without experience:** The main asset of the company is its human capital. Skilled and competent workers, as well as a leadership capable of managing their potential, are essential to avoid failure.

■ **Too much competition:** A niche market saturated with competitors is not a good place to start unless the business idea has very powerful product differentiators.

■ **Few business opportunities:** however attractive our idea may be, we must believe that it is profitable. A small target population of consumers or a bad location will affect sales and we will fail.

■ **Do not listen to the client:** The value that the client perceives when he acquires our product is what will make him repeat. Making a proposal of adequate value to customers is essential for the success and continuity of the company.

How to lose the fear of failure? Winston Churchill, British Prime Minister during the Second World War, said that "success consists of going from failure to failure without losing enthusiasm." Far from being a euphemism, this phrase teaches us that mistakes are part of the way (towards success, of life, etc.), that thanks to mistakes we know what we have done wrong and that it is necessary to learn from mistakes.

5. Establish what type of responsibility appears in the following cases and analyse its consequences:

a) The company has not entered the tax quota for VAT in the legal term.

b) A seller promises to a customer that they will have their order on time, even knowing that it will not be like that.

6. Marc, Aina and Julia have decided to launch a disco-pub although none of them has experience in the sector. In addition, there are four establishments like this in their area. Do you think it will be easy for them? Why?