

Entrepreneurship

Lecture # 1



Saltanat Kondybayeva, PhD

Topic 1.

**The general provisions of the
entrepreneurship**

PLAN

- 1. Definition of Entrepreneurship**
- 2. Who is an Entrepreneur?**
- 3. Differences between Entrepreneurship and Business**
- 4. The role of Startup**
- 5. Social Innovation and Social Entrepreneurship**

Definition of Entrepreneurship

Entrepreneurship is the process of designing a new business

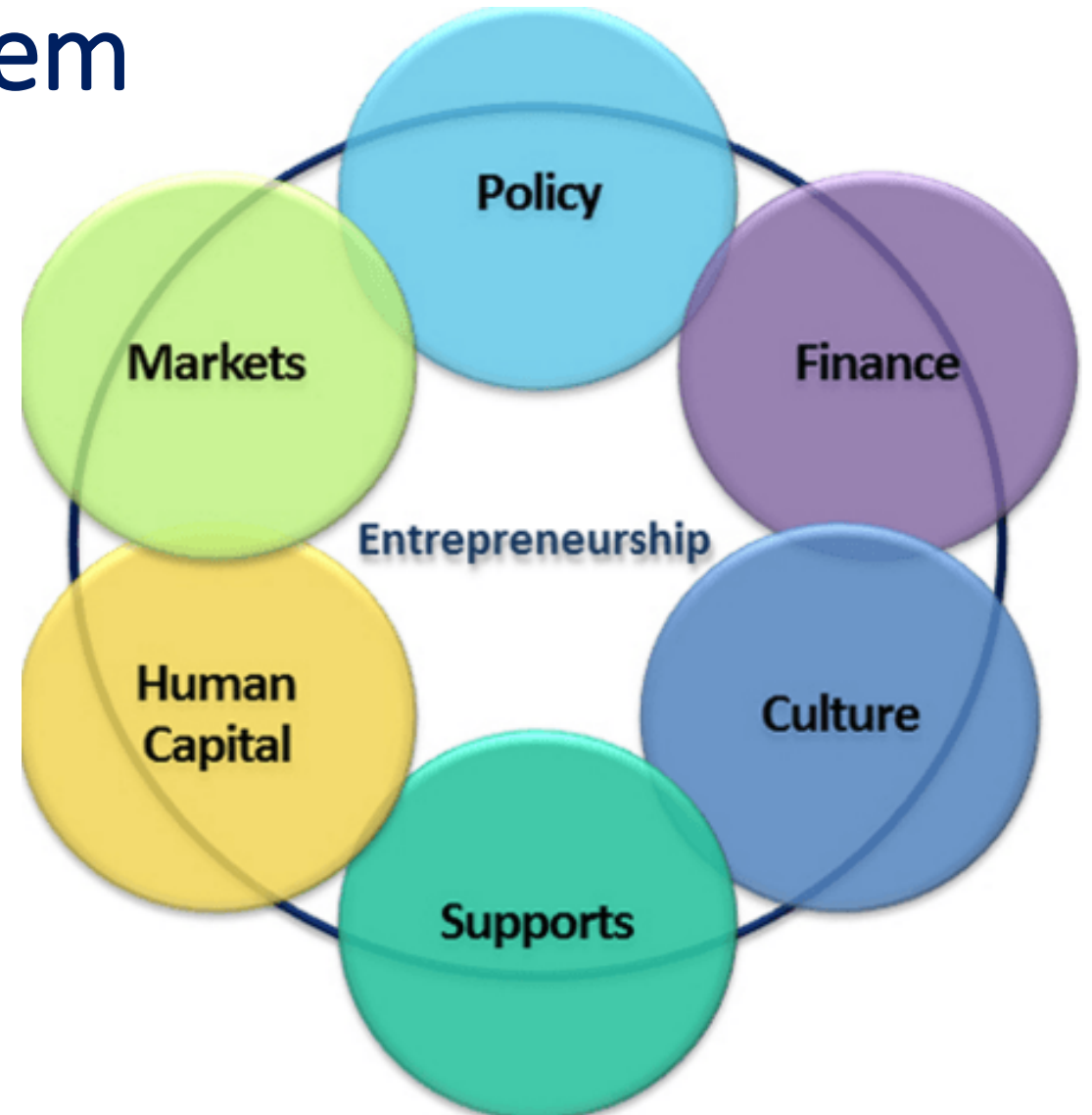


The exploitation of entrepreneurial opportunities

- **To develop a business plan**
- **Acquire the human, finance and other required resources**
- **Organize and manage**
- **To be responsible**

Entrepreneurship ecosystem

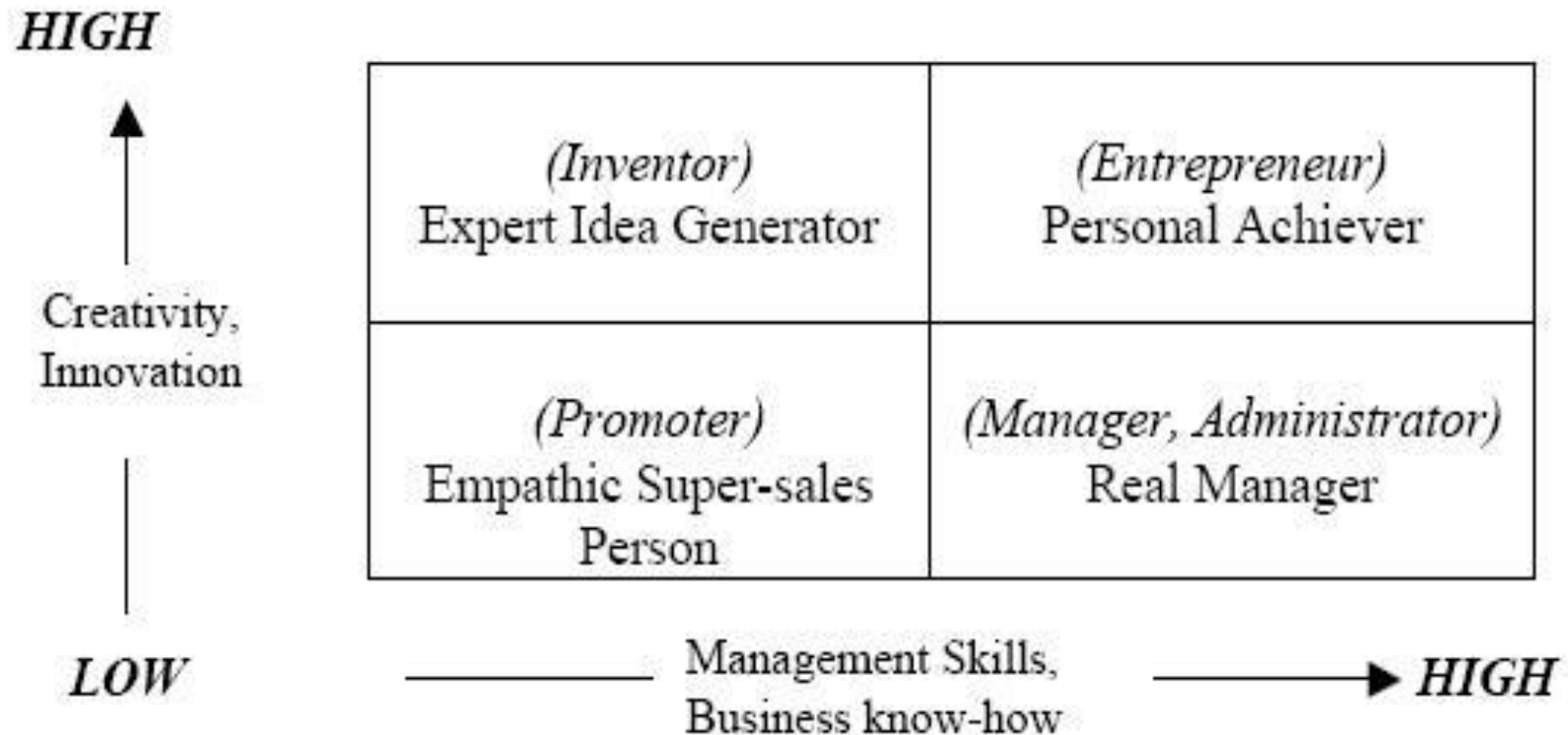
- Government
- Entrepreneurship resources
- Education
- Financing



Who is an Entrepreneur?

Entrepreneur is defined as an individual who organizes or operates a business or businesses.

FIGURE 2: TYPOLOGY OF AN ENTREPRENEUR



Differences between Entrepreneurship and Business

Businessman

- can make a business out of an unoriginal business or product idea. He enters into existing businesses, such as franchising and retailing. He chooses a hot and profitable business idea regardless of whether it is his original idea or borrowed from someone else.

Entrepreneur

- an inventor and the first creator of a product. He invests time, energy and money on his own idea. He doesn't start a business from an unoriginal idea. That is why he starts on a startup while a businessman starts on a business.

Differences between Entrepreneurship and Business

Businessman

- Analytical Thinker - a Business man main focus is not on innovation, but more on making sure a company is making profit.

Entrepreneur

- Possibility Thinkers- focus on generating new value, and this value could be social, emotional, aesthetic and/or financial.

Differences between Entrepreneurship and Business

the main focus for a Businessman is:

- Administration of business
- Search for truth, Short-term
- Logical, Linear, Utility, Incremental
- Features
- Facts, Verbal, Measure
- Minimal Risks, Predictable
- Smaller Rewards
- Profit

the main focus for an Entrepreneur is:

- Invention of business
- Search for what is interesting, intuitive, long-term
- Holistic, Significance, Meaning, Leap forward
- Benefits
- Emotion, Visual Thinking
- Risk, Uncertainty,
- Potentially High Rewards
- Value

	Ecopreneurship	Social entrepreneurship	Institutional entrepreneurship	Sustainable entrepreneurship
Core motivation	Contribute to solving environmental problem and create economic value	Contribute to solving societal problem and create value for society	Contribute to changing regulatory, societal and market institutions	Contribute to solving societal and environmental problems through the realization of a successful business
Main goal	Earn money by solving environmental problems	Achieve societal goal and secure funding to achieve this	Changing institutions as direct goal	Creating sustainable development through entrepreneurial corporate activities
Role of economic goals	Ends	Means	Means or ends	Means and ends
Role of non-market goals	Environmental issues as integrated core element	Societal goals as ends	Changing institutions as core element	Core element of integrated end to contribute to sustainable development
Organizational development challenge	From focus on environmental issues to integrating economic issues	From focus on societal issues to integrating economic issues	From changing institutions to integrating sustainability	From small contribution to large contribution to sustainable development

Table 1. Characterization of different kinds of sustainability oriented entrepreneurship

The role of Startup

Startup is a state of mind.

It's when people join your company and are still making the explicit decision to forgo stability in exchange for the promise of tremendous growth and the excitement of making immediate impact

The role of Startup

A startup is a company that is in the first stage of its operations. These companies are often initially bankrolled by their entrepreneurial founders as they attempt to capitalize on developing a product or service for which they believe there is a demand. Due to limited revenue or high costs, most of these small-scale operations are not sustainable in the long term without additional funding from venture capitalists.

FORMATION

Mission > Vision > Strategy

- Co-founder team formation
- What, to whom? & Why and how?

VALIDATION

Lean Startup

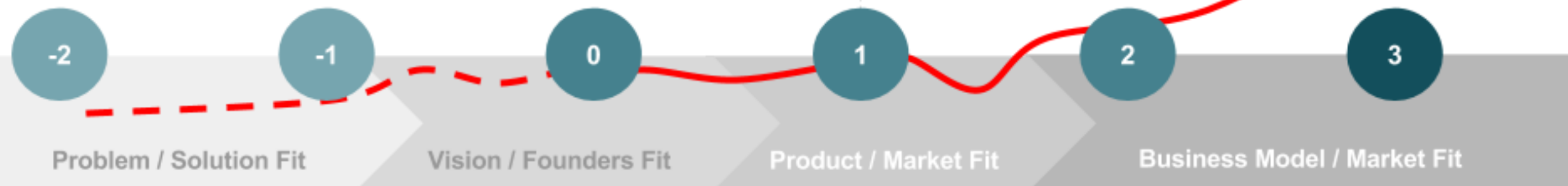
Minimum Viable Product

Validate / Iterate (or pivot)

GROWTH

Scale Up

Establish & Strengthen



Ideating

Entrepreneurial ambition and/or potential scalable product or service idea for a big enough target market. Initial idea on how it would create value. One person or a vague team; no confirmed commitment or no right balance of skills in the team structure yet.

Concepting

Defining mission and vision with initial strategy and key milestones for next few years on how to get there. Two or three entrepreneurial core co-founders with complementary skills and ownership plan. Maybe additional team members for specific roles also with ownership.

Committing

Committed, skills balanced co-founding team with shared vision, values and attitude. Able to develop the initial product or service version, with committed resources, or already have initial product or service in place. Co-founders shareholder agreement (SHA) signed, including milestones, with shareholders time & money commitments, for next three years with proper vesting terms.

Validating

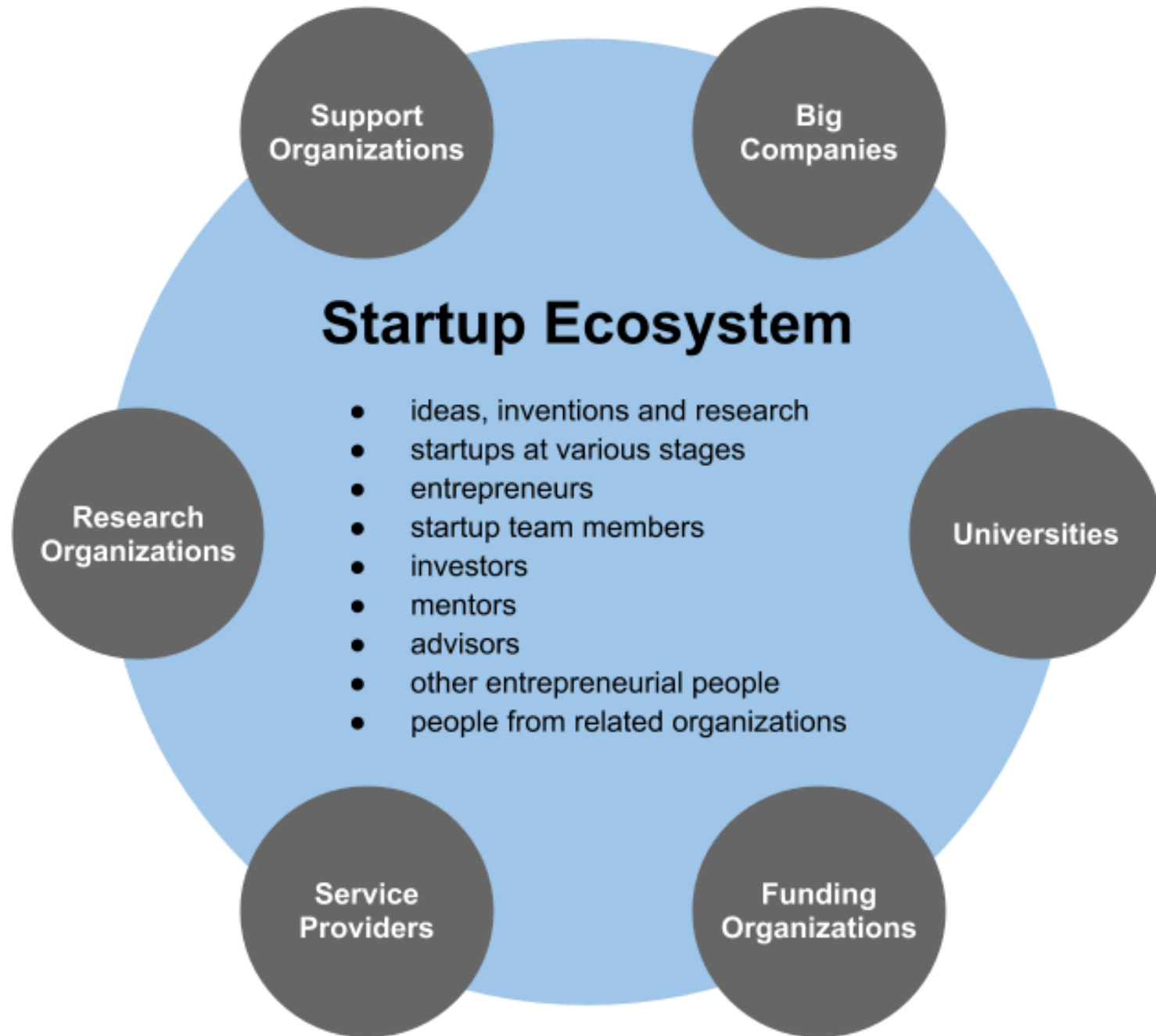
Iterating and testing assumptions for validated solution to demonstrate initial user growth and/or revenue. Initial Key Performance Indicators (KPIs) identified. Can start to attract additional resources (money or work equity) via investments or loans for equity, interest or revenue share from future revenues.

Scaling

Focus on KPI based measurable growth in users, customers and revenues and/or market traction & market share in a big or fast growing target market. Can and want to grow fast. Consider or have attracted significant funding or would be able to do so if wanted. Hiring, improving quality and implementing processes

Establishing

Achieved great growth, that can be expected to continue. Easily attract financial and people resources. Depending on vision, mission and commitments, will continue to grow and often tries to culturally continue "like a startup". Founders and/or investors make exit(s) or continue with the company.



Social Innovation and Social Entrepreneurship

Social entrepreneurship and social innovation are part of the solution, as they both explicitly aim to provide innovation solutions to unsolved social problems, putting social value creation at the heart of their mission in order to improve individuals' and communities lives and increase their well-being.

Social Innovation and Social Entrepreneurship

- a social entrepreneur is focused on solving a problem through business, who is an employee in a company, part of a government organization.
- a social innovator could be looking to solve the problem through a number of different mediums, who is tend to use the structure of open innovation

Social enterprise

- ***Social enterprise*** is a business that trades to tackle social problems, improve communities, people's life chances, or the environment.
- A social enterprise is a business, not a charity, that makes money and profit. It is how they work and what they do with their profits that is different: working to make a bigger difference, reinvesting the profits they make to do more good.

Social entrepreneurship

- ***Social entrepreneurship*** refers to the practice of combining innovation, resourcefulness and opportunity to address critical social and environmental challenges. It is not philanthropy, activism or companies with a foundation.
- Social entrepreneurs focus on transforming systems and practices that are the root causes of poverty, marginalization, environmental deterioration and accompanying loss of human dignity. In so doing, they may set up for-profit or not-for-profit organizations, and in either case, their primary objective is to create sustainable systems change.

Social innovation

- ***Social innovation*** is new ideas that work in meeting social goals.

Social innovation seeks new answers to social problems by:

1. Identifying and delivering new services that improve the quality of life of individuals and communities
2. Identifying and implementing new labor market integration processes, new competencies, new jobs, and new forms of participations, as diverse elements that each contribute to improving the position of individuals in the workforce.

some examples of social enterprises:

- [Solar Sister](#)- Creating job opportunities for women in Sub-Saharan Africa while promoting clean cooking technology.
- [San Patrignano](#)- A free rehab centre in Italy which generates income through a variety of creative community projects.
- [Food Cycle UK](#) - Reducing food waste and food poverty at the same time.
- [Sole Rebels](#)- Ethiopian based shoe company which provides real jobs for locals- paying 4x the minimum wage, health insurance, and opportunities for disabled workers.
- [Divine Chocolate](#)- What's that you say? Guilt free chocolate!? A fair trade chocolate company which is 45% owned by the farmers themselves.
- [DlightDesign](#)- Selling solar lights to communities that don't have reliable electricity.

So social entrepreneurs set up social enterprises to use social innovations to create change in the world!