

Developing An Entrepreneurial Mindset

The Power to Choose

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Who are Entrepreneurs?

–People who:

- Want to be their own boss
- Pursue their own ideas
- Realize financial (or other) rewards

Common Myths Among Entrepreneurs

- they are born -not made
 - they are gamblers
 - they are motivated primarily by money.
 - they should be young and energetic
 - they love the spotlight
- NOT TRUE!**

Being an entrepreneur today:

- Involves creation process (sees an opportunity/problem through customers eyes)
- Requires commitment of time and effort.
- Involves understanding what rewards do they seek for being an entrepreneur.
- Takes Well Thought Out Risks,
 - Calculated risks and not gamblers risks
 - Finds the resources to implement the innovation.
 - Creates and builds a business or other enterprise
 - Makes change

Entrepreneurship is a way of thinking, reasoning and acting that is opportunity obsessed, holistic in approach and leadership based.

Passion for the Business

–Desire to change the World

- A Product/Customer Focus

–Steve Jobs was perhaps the epitome –although he did say that “A lot of times, people don't know what they want until you show it to them.”

-BusinessWeek (25 May 1998)

- Tenacity Despite Failure

- Execution Intelligence

- Why does the World Care?

–Innovation –Change the World–Job Creation

Passion Drives Key Actions

- The ability to learn and repeat.
- A willingness to work hard for an extended time
- Ability to overcome setbacks and “nos.”
- Ability to listen to feedback on the limitations of the organization and yourself.
- Perseverance and persistence when the going gets tough

How Entrepreneurs Think

- Entrepreneurs in particular situations may think differently when faced with a different task or decision.
- Given the nature of opportunities they are pursuing or challenges they are addressing, entrepreneurs are able to:
 - Identify & Execute ideas.
 - Be adaptable.
 - Learn from failure.

For an entrepreneur....

–It all starts with a desired outcome.

–Focuses on the means to generate that outcome.

Then it moves on to the
execution process

NATURE AND DEVELOPMENT OF ENTREPRENEURSHIP

- **ENTREPRENEUR – AN INDIVIDUAL WHO TAKES INITIATIVE TO BUNDLE RESOURCES IN INNOVATIVE WAYS AND IS WILLING TO BEAR THE RISK AND/OR UNCERTAINTY TO ACT.**
- **BEING AN ENTREPRENEUR TODAY:**
 - **INVOLVES CREATION PROCESS.**
 - **REQUIRES DEVOTION OF TIME AND EFFORT.**
 - **INVOLVES REWARDS OF BEING AN ENTREPRENEUR.**
 - **REQUIRES ASSUMPTION OF NECESSARY RISKS.**

NATURE AND DEVELOPMENT OF ENTREPRENEURSHIP (CONT.)

- **ENTREPRENEURIAL ACTION - BEHAVIOR IN RESPONSE TO A JUDGMENTAL DECISION UNDER UNCERTAINTY ABOUT A POSSIBLE OPPORTUNITY FOR PROFIT.**

TABLE 1.1 - ASPECTS OF THE ENTREPRENEURIAL PROCESS

Identify and Evaluate the Opportunity		Develop Business Plan	Resources Required	Manage the Enterprise
<ul style="list-style-type: none"> • Opportunity assessment • Creation and length of opportunity • Real and perceived value of opportunity • Risk and returns of opportunity • Opportunity versus personal skills and goals • Competitive environment 		<ul style="list-style-type: none"> • Title page • Table of Contents • Executive Summary • Major Section <ol style="list-style-type: none"> 1. Description of Business 2. Description of Industry 3. Technology Plan 4. Marketing Plan 5. Financial Plan 6. Production Plan 7. Organization Plan 8. Operational Plan 9. Summary • Appendixes (Exhibits) 	<ul style="list-style-type: none"> • Determine resources needed • Determine existing resources • Identify resource gaps and available suppliers • Develop access to needed resources 	<ul style="list-style-type: none"> • Develop management style • Understand key variables for success • Identify problems and potential problems • Implement control systems • Develop growth strategy

THE ENTREPRENEURIAL PROCESS

- **OPPORTUNITY IDENTIFICATION - THE PROCESS BY WHICH AN ENTREPRENEUR COMES UP WITH THE OPPORTUNITY FOR A NEW VENTURE.**
- **MARKET SIZE AND THE LENGTH OF THE WINDOW OF OPPORTUNITY ARE THE PRIMARY BASES FOR DETERMINING RISKS AND REWARDS.**
- **WINDOW OF OPPORTUNITY - THE TIME PERIOD AVAILABLE FOR CREATING THE NEW VENTURE.**
- **BUSINESS PLAN - THE DESCRIPTION OF THE FUTURE DIRECTION OF THE BUSINESS.**

HOW ENTREPRENEURS THINK

- **ENTREPRENEURS IN PARTICULAR SITUATIONS MAY THINK DIFFERENTLY WHEN FACED WITH A DIFFERENT TASK OR DECISION ENVIRONMENT.**
- **GIVEN THE NATURE OF THEIR DECISION-MAKING ENVIRONMENT, ENTREPRENEURS NEED TO SOMETIMES:**
 - **EFFECTUATE.**
 - **BE COGNITIVELY ADAPTABLE.**
 - **LEARN FROM FAILURE.**

How Entrepreneurs Think (cont.)

- **CAUSAL PROCESS**

- **STARTS WITH A DESIRED OUTCOME.**
- **FOCUSES ON THE MEANS TO GENERATE THAT OUTCOME.**

- **EFFECTUATION PROCESS**

- **STARTS WITH WHAT ONE HAS (WHO THEY ARE, WHAT THEY KNOW, AND WHOM THEY KNOW).**
- **SELECTS AMONG POSSIBLE OUTCOMES.**

- **ENTREPRENEURIAL MIND-SET INVOLVES THE ABILITY TO RAPIDLY SENSE, ACT, AND MOBILIZE, EVEN UNDER UNCERTAIN CONDITIONS.**

How Entrepreneurs Think (cont.)

- **COGNITIVE ADAPTABILITY DESCRIBES THE EXTENT TO WHICH ENTREPRENEURS ARE:**
 - **DYNAMIC, FLEXIBLE, SELF-REGULATING AND ENGAGED IN THE PROCESS OF GENERATING MULTIPLE DECISION FRAMEWORKS FOCUSED ON SENSING AND PROCESSING CHANGES IN THEIR ENVIRONMENTS AND THEN ACTING ON THEM.**
- **IT REFLECTS IN AN ENTREPRENEUR'S METACOGNITIVE AWARENESS.**

How Entrepreneurs Think (cont.)

- **ACHIEVING COGNITIVE ADAPTABILITY**
 - **COMPREHENSION QUESTIONS – AIDS UNDERSTANDING OF THE NATURE OF THE ENVIRONMENT BEFORE ADDRESSING AN ENTREPRENEURIAL CHALLENGE.**
 - **CONNECTION TASKS – STIMULATES THINKING ABOUT THE CURRENT SITUATION IN TERMS OF SIMILARITIES AND DIFFERENCES WITH SITUATIONS PREVIOUSLY FACED AND SOLVED.**
 - **STRATEGIC TASKS – STIMULATES THOUGHTS ABOUT WHICH STRATEGIES ARE APPROPRIATE FOR SOLVING THE PROBLEM (AND WHY) OR PURSUING THE OPPORTUNITY (AND HOW).**
 - **REFLECTION TASKS – STIMULATES THINKING ABOUT THEIR UNDERSTANDING AND FEELINGS AS THEY PROGRESS THROUGH THE ENTREPRENEURIAL PROCESS.**

How Entrepreneurs Think (cont.)

- **ENTREPRENEURS WHO ARE ABLE TO INCREASE COGNITIVE ADAPTABILITY HAVE AN IMPROVED ABILITY TO:**
 - **ADAPT TO NEW SITUATIONS.**
 - **BE CREATIVE.**
 - **COMMUNICATE ONE'S REASONING BEHIND A PARTICULAR RESPONSE.**

How Entrepreneurs Think (cont.)

- **LEARNING FROM BUSINESS FAILURE**
 - **UNCERTAINTY, CHANGING CONDITIONS, AND INSUFFICIENT EXPERIENCE CAN CONTRIBUTE TO FAILURE AMONG ENTREPRENEURIAL FIRMS.**
 - **AN ENTREPRENEUR'S MOTIVATION IS NOT SIMPLY FROM PERSONAL PROFIT BUT FROM:**
 - **LOYALTY TO A PRODUCT.**
 - **LOYALTY TO A MARKET AND CUSTOMERS.**
 - **PERSONAL GROWTH.**
 - **THE NEED TO PROVE ONESELF.**

How Entrepreneurs Think (cont.)

- **LOSS OF A BUSINESS CAN RESULT IN A NEGATIVE EMOTIONAL RESPONSE FROM THE ENTREPRENEUR.**
- **IT CAN INTERFERE WITH:**
 - **ENTREPRENEUR'S ABILITY TO LEARN FROM THE FAILURE.**
 - **MOTIVATION TO TRY AGAIN.**

How Entrepreneurs Think (cont.)

- **RECOVERY AND LEARNING PROCESS**

- **EMOTIONAL RECOVERY FROM FAILURE HAPPENS WHEN THOUGHTS ABOUT THE EVENTS SURROUNDING, AND LEADING UP TO THE LOSS OF THE BUSINESS, NO LONGER GENERATE A NEGATIVE EMOTIONAL RESPONSE.**
- **PRIMARY DESCRIPTIONS OF THE PROCESS OF RECOVERING ARE:**
 - **LOSS-ORIENTATION.**
 - **RESTORATION-ORIENTATION.**

How Entrepreneurs Think (cont.)

- **LOSS-ORIENTATION**

- **INVOLVES WORKING THROUGH, AND PROCESSING, SOME ASPECT OF THE LOSS EXPERIENCE AND, AS A RESULT OF THIS PROCESS, BREAKING EMOTIONAL BONDS TO THE OBJECT LOST.**
- **THIS PROCESS GRADUALLY PROVIDES THE LOSS WITH MEANING AND EVENTUALLY PRODUCES A CHANGED VIEWPOINT.**
- **INVOLVES CONFRONTATION, WHICH IS PHYSICALLY AND MENTALLY EXHAUSTING.**
- **CHARACTERIZED BY FEELINGS OF RELIEF AND PAIN THAT WAX AND WANE OVER TIME.**

How Entrepreneurs Think (cont.)

- **RESTORATION-ORIENTATION**

- **BASED ON BOTH AVOIDANCE AND A PROACTIVENESS TOWARD SECONDARY SOURCES OF STRESS ARISING FROM A MAJOR LOSS.**
- **INVOLVES SUPPRESSION, WHICH REQUIRES MENTAL EFFORT AND PRESENTS POTENTIALLY ADVERSE CONSEQUENCES FOR HEALTH.**
- **PROVIDES AN OPPORTUNITY TO ADDRESS SECONDARY CAUSES OF STRESS.**
- **MAY REDUCE EMOTIONAL SIGNIFICANCE OF THE LOSS.**

How Entrepreneurs Think (cont.)

- **A DUAL PROCESS FOR LEARNING FROM FAILURE**
 - **THE DUAL PROCESS OF OSCILLATING BETWEEN THE LOSS-ORIENTATION AND RESTORATION-ORIENTATION ENABLES A PERSON TO:**
 - **OBTAIN THE BENEFITS OF EACH.**
 - **MINIMIZE THE COSTS OF MAINTAINING ONE FOR TOO LONG.**
 - **THIS DUAL PROCESS SPEEDS THE RECOVERY PROCESS.**

HOW ENTREPRENEURS THINK (CONT.)

- **PRACTICAL IMPLICATIONS OF THE DUAL PROCESS:**
 - **KNOWLEDGE THAT FEELINGS AND REACTIONS BEING EXPERIENCED ARE NORMAL.**
 - **REALIZING THAT PSYCHOLOGICAL AND PHYSIOLOGICAL OUTCOMES CAUSED BY THE FEELINGS OF LOSS ARE “SYMPTOMS” CAN REDUCE SECONDARY SOURCES OF STRESS.**
 - **THERE IS A PROCESS OF RECOVERY TO LEARN FROM FAILURE, WHICH OFFERS SOME COMFORT THAT CURRENT FEELINGS OF LOSS WILL EVENTUALLY DIMINISH.**
 - **RECOVERY AND LEARNING PROCESS CAN BE ENHANCED BY SOME DEGREE OF OSCILLATION.**
 - **RECOVERY FROM LOSS OFFERS AN OPPORTUNITY TO INCREASE ONE’S KNOWLEDGE OF ENTREPRENEURSHIP.**

ETHICS AND SOCIAL RESPONSIBILITY OF ENTREPRENEURS

- **ENTREPRENEURS USUALLY DEVELOP AN INTERNAL ETHICAL CODE.**
- **PERSONAL VALUE SYSTEMS TEND TO BE INFLUENCED BY:**
 - **PEER PRESSURE.**
 - **GENERAL SOCIAL NORMS IN THE COMMUNITY.**
 - **PRESSURES FROM THEIR COMPETITORS.**
- **BUSINESS ETHICS - THE STUDY OF BEHAVIOR AND MORALS IN A BUSINESS SITUATION.**

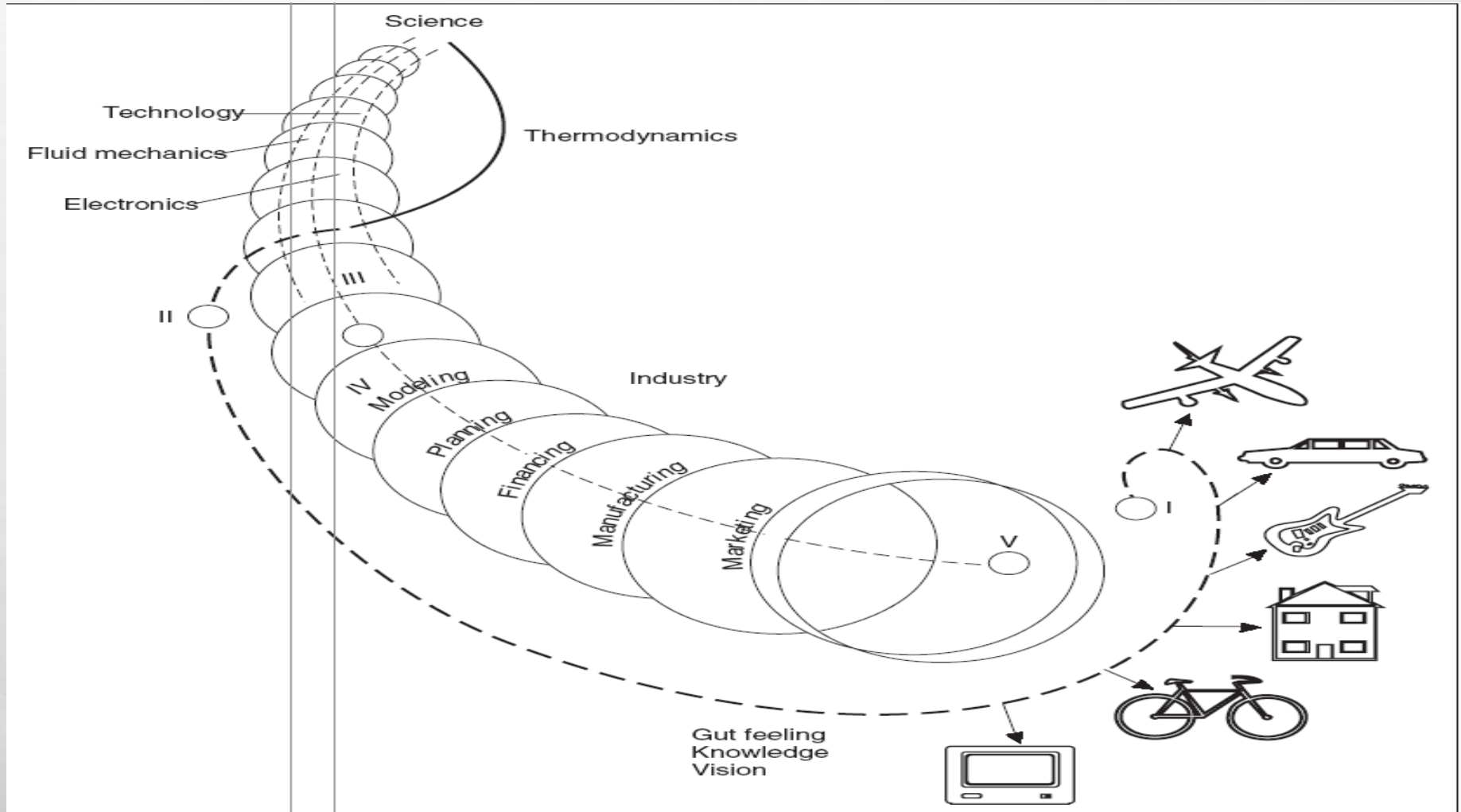
ROLE OF ENTREPRENEURSHIP IN ECONOMIC DEVELOPMENT

- **INNOVATION IS DEPICTED AS A KEY TO ECONOMIC DEVELOPMENT.**
 - **PRODUCT-EVOLUTION PROCESS - PROCESS THROUGH WHICH INNOVATION IS DEVELOPED AND COMMERCIALIZED.**
 - **ITERATIVE SYNTHESIS - THE INTERSECTION OF KNOWLEDGE AND SOCIAL NEED THAT STARTS THE PRODUCT DEVELOPMENT PROCESS.**

ROLE OF ENTREPRENEURSHIP IN ECONOMIC DEVELOPMENT (CONT.)

- **THREE TYPES OF INNOVATION:**
 - **ORDINARY - NEW PRODUCTS WITH LITTLE TECHNOLOGICAL CHANGE.**
 - **TECHNOLOGICAL – NEW PRODUCTS WITH SIGNIFICANT TECHNOLOGICAL ADVANCEMENT.**
 - **BREAKTHROUGH – NEW PRODUCTS WITH SOME TECHNOLOGICAL CHANGE.**

Figure 1.1 - Product Evolution



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