

Entrepreneurship and Design Thinking

Lecture One

Introduction to Entrepreneurship

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Introduction

In this topic, we shall have an overview of the whole course, then introduce you to what entrepreneurship is, by exploring the mindset of an entrepreneur, types of entrepreneurships, opportunities and challenges associated with the venture.

Learning Outcomes

1. Differentiate types of entrepreneurships
2. Point out entrepreneurship ventures in their locality
3. Showcase ability to identify and evaluate viable business opportunities

Course Overview

This course will be dive deep into entrepreneurship and design thinking with a goal to

1. Provide a foundational understanding of entrepreneurship, establishing a knowledge base for aspiring business practitioners.
2. Cultivate creative problem-solving skills and an innovative mindset essential for entrepreneurial success through design thinking.
3. Equip participants with the insights needed to make informed decisions about the most suitable business structure.
4. Explore the dynamics of franchising, offering insights into its opportunities and challenges for aspiring entrepreneurs.
5. Provide a strategic framework for evaluating and navigating the acquisition of established businesses.
6. Guide participants through the step-by-step process of developing a comprehensive business plan using Business Model Canvas for new ventures.

7. Explore effective marketing strategies tailored to the unique needs and challenges of entrepreneurial ventures.
8. Examine the intersection of e-commerce and entrepreneurship, identifying opportunities and strategies in the digital marketplace.

Introduction to Entrepreneurship

Opening Questions for the topic

1. Would you rather be employed or start your own business?
2. Why the choice for the question above?
3. Who is an entrepreneur?
4. Do you think it is easy to be an entrepreneur?
5. What challenges do you think entrepreneurs in your context faces

Meaning of entrepreneur

An entrepreneur is a person who takes the initiative and risks to start a venture with the hope of making profit (Wokorach, 2020).

With this definition do you know of any entrepreneur in your locality?

From this, we can pick the following; an entrepreneur is a person who is able to;

- Spot an opportunity or gap in the market
- Take the initiative to start a business
- Willing to devote time and resources to run their venture

What more can you add to the list?

Desirable Entrepreneurial Personality

In this section we will be looking at some common traits that characterize successful entrepreneurs that we know. To start, think of one of the successful entrepreneurs you admire, what personality traits do they have? Below are some of the traits that might qualify to be on that list you have developed.

- **Creative** – the ability to come up with ideas/process/product that disrupt the market. What is not obvious to the industry players. Think of Jeff Bezos with his Amazon that changed online shopping for good.

- **Self-disciplined-** Most of the successful entrepreneurs are very focused and committed amid pressure that comes with running their start-up. They are able to manage their time effectively.
- **Passionate-** Interest in the venture that they start or do and an attachment to their idea even when they are uncertain is what keeps them going. Passion is equated to fuel in a car, it is what keeps an entrepreneur hanging in there and able to convince others to buy into their idea. We see Oprah Winfrey's passion in media and storytelling as key to her success in building her empire.
- **Risk-taking-** Even in situations where they are not fully aware of the results that await them, successful entrepreneurs take actions. In fact, they are not frightened by risks but thrive in such. They are fully aware that success in business comes with some bit of risk, and in fact in finance return is directly related to risk, meaning that the more risk you take, the higher the expected return is. It is important to warn that they, however, do not take reckless risks but calculated ones. A good example would be Richard Brason of Virgin whose risk-taking trait is exemplified by the diversifications that the conglomerate has taken over the years.
- **Visionary-** Most successful entrepreneurs are able to see the end of their business idea crystal clear when those around them may struggle. They can visualize how to bring their idea to life. They are able to spot an opportunity in the marketplace and visualize how to take advantage of the same step by step. A good example that brings this to the context is Steve Jobs, who brought to existence Apple, his vision of how technology would transcend and transform our lives, and the industry is unquestionable., his vision of how technology would transcend and transforms, his vision of how technology would transcend and transform our lives, and the industry is unquestionable.
- **Flexible/Adaptable-** This is the ability to move or change swiftly when the conditions dictate you do so. In business, the environment is always volatile and bound to change. Successful individuals and businesses are those that are able to discern such and move ahead of others. Reed Hastings of Netflix exemplify this, the company managed to quickly from DVD rental to streaming and content creation. They are now a force to reckon with across the globe.

- **Perseverance and confidence-** This is the act of sticking to your idea no matter the resistance or skepticism. During the early days of your venture, it is possible that people will not believe you nor your idea, in fact the majority might write it off. The resilience to continue with it in the midst of such a current is important for a successful entrepreneur. Mark Zuckerberg of Meta/Facebook grew the company from a class project notwithstanding the many doubting Thomases.

Given the age we are at, what more traits can you add to the list?

Entrepreneurial Motivation

We asked how many would want to be an entrepreneur. When I pose this question in my class, over 90% raise their hand, a clear sign that most students would want to run their own ventures. The question then is what factors motivate a person to become an entrepreneur. In this section we will look at some of the drivers.

- **Solving a problem-** As we noted earlier, an entrepreneur is a person who can see a problem within their organization or community, and they are bothered to look for a solution. An individual who is keen to identify gaps in the market and solve them, such as the pain that customers are experiencing with the current product. Elon Musk has been a very good case in point with his investment in his latest innovation-Starlink that is changing how we access internet bridging the gap that exist with the current telcos.
- **Financial freedom-** one of the highly ranked reasons why most people choose or want to be entrepreneurs is this driver. The desire to create and accumulate wealth. It is true that entrepreneurship accord us huge possibilities to achieve significant financial reward than working for someone else.
- **Independence and control-** This is what most would call being your own boss. The drive to control your work, make your decisions, give orders, determine when and where to work, who to hire and fire. All these may entice you into being an entrepreneur as compared with being employed where often than not you will be taking orders and under someone else's control. May I point out that as interesting as it sounds, in practice it is not easy.
- **Self- actualization-** This is the need for achievement or for self-esteem. To some starting a business is to make a point to the community that they can, and they have achieved. It could also be doing what makes you happy, therefore drawing satisfaction from your venture.

- **To build and leave a legacy-** some people may be driven by the desire to create and leave a legacy. A venture that will outlast you.

Types of entrepreneurships

Entrepreneurship takes different forms, and this is determined by the business model, goal, and impact intended. In this section we will try to explore some of these forms.

Social Entrepreneurship- This is a common form, whereby the main intention is to solve societal problems through a business. In most cases the profit is ploughed back into the community. The famous Grameen Bank may be a good example.

Green Entrepreneurship- Also known as ecopreneurship. This type focuses on environmentally friendly or sustainable activities. With the growing concern on global warming e-waste, deforestation among others is a growing form across many countries. In Kenya we have ECO-Post a company that recycle plastic waste to make fencing and building solution. It has won so many accolades globally for its efforts.

Small Business entrepreneurship- These are mainly started by individuals who are just interested in sustaining themselves and their families. Ideally, they are family run businesses with very minimal to moderate growth potential. In developing countries or markets, you might see shops in rural areas which have remained the same over years, the owner is not motivated to grow say to a mini supermarket.

Scalable entrepreneurship- This are startups that are created with the intention of scaling rapidly. On most occasions they do so via venture capitalist, with capital injection they are able to catapult them to immediate growth and expansion.

Intrapreneurship- Entrepreneurship is not confined to small businesses only, it happens in large organizations as well. This is what is called intrapreneurship. New business models, processes, services and products are always developed in large organizations through this form of entrepreneurship. This is what keeps companies such as Google and Apple competitive in their respective markets.

Lifestyle entrepreneurship- These are entrepreneurs who build a business around their personal passion such as cooking, dancing, their interest or lifestyle. The goal is to enjoy what they do while earning an income. With the growth of social media such as Tik Tok and Instagram, this form is becoming a big source of income for so many young people.

Serial Entrepreneurship- There are entrepreneurs who thrive on starting ventures once they are successful, they sell them off. This is how they make money, by taking risks and selling a thriving venture.

Challenges of an Entrepreneur

As highlighted in what motivates people to become entrepreneurs, it is not always easy being one. It comes at a cost and not all of us who can be able to stomach this. Here we look at some of the possible challenges one might face when they decided to follow this rare path.

- **Personal Sacrifices**- To be a successful entrepreneur as is with any other venture, it requires a lot of sacrifices such as denying yourself holidays, expensive things so that you can pump time and capital into your idea with the hope of it succeeding one day.
- **Loneliness**- Being solely responsible for failure or success of your business can be scary sometime and it requires someone who doesn't know how to quit.
- **Severe competition**- when you are an underdog competing against big corporations with well-known names and products can be overwhelming and always threatening your existence given their financial muscles.
- **Managerial inadequacy**- When you are starting a venture, the business is totally reliant on you in all areas of the business. Frankly, you do not have the skills nor the time to be able to handle them competently and some may suffer in the process, or they might over stretch you.
- **Risk of losing your investment**- Remember we said entrepreneurs take risk and in as much as they are calculated there is possibility of everything sinking.
- **Income is not guaranteed**- Unlike in employment, when you are running your own business, it is not given you will make anything at the end of the day. You are therefore living in uncertainty especially during the initial phases of the business.
- **Do all sorts of work**- As an entrepreneur, you cannot afford to choose what you do since the whole business is entirely on you. Therefore, you must be ready to always get your hands dirty.

Topic Review

In this topic we have looked at what entrepreneurship is, the personal trait of a successful entrepreneur. We looked at forms of entrepreneurship and finally looked at the challenges one is likely to face when pursuing it. In the next topic we will look at design thinking which is a methodology of innovation that is critical in entrepreneurship.

So far, do you still want to be an entrepreneur?

References

Wokorach. J.B. (2020). *Entrepreneurship Manual*, Mochudi, Salama Publishers