

# BMGT 299: Entrepreneurship Capstone

## Unit 1 Course Materials



(Entrepreneurship / Intra-preneurship – Which Business is Right for You?)

This unit is designed to get us off on the right foot. It is meant to help you make decisions *before*, not *after* you start your business. You may have already selected the kind of business you want to start, but I urge you to carefully review this unit anyway. Go through the process, answer the questions, take the time to evaluate your goals and see how it all plays out. If nothing else, it should *boost* your confidence in starting your business – or provide confidence that you are headed in the right direction.

Let's start with some commonality with most entrepreneurs. It doesn't matter that you fit this profile to a tee, but understand the "why" these are common. Here is what I mean;

1. Most entrepreneurs are an *oldest* child.  
*\*That wasn't the case with me, but it makes sense. The oldest child usually has more responsibilities for their siblings, they are required to be more organized for success, they face the consequences of failure, and avoid making the same mistakes.*
2. They are usually married.
3. They are usually in their 30's. (*however, it keeps getting younger.*)
4. Most new small businesses today are started by women. (*This may surprise you – and it shouldn't discourage you if you are male, but the environment is changing*)
5. They are better at something than other people. (*At first, this may seem to not apply, but if you think of it, you are better at something. Do you have a better sense of style? Are you a "super-taster" towards foods? Do you possess skills that would require someone else years to master? – all of these are "entry-barriers that will help you both differentiate yourself from the competition – and prevent others from copying your business model.*)
6. They have been fired 1 or more times from a job. (*I know, this seems unexpected – but if you think of it, it makes a kind of sense doesn't it? You have a better way of doing something and your boss feels that the only way is their way....if you aren't careful, he will send you packing.....off to start a business to compete with them!*)

### Entrepreneurs and Intra-preneurs

An entrepreneur takes risk. Not reckless risk, but calculated risk. They look at risk differently than other people. When you take the plunge, you will know what I mean. You believe in your skill set – you are confident that your ideas are better; you know your work ethic will succeed where so many others failed. You stay laser-focused on the task at hand. Risk with your future, risk with your money, risk with your skills – hyper-

# BMGT 299: Entrepreneurship Capstone

## Unit 1 Course Materials



organized and hyper-motivated. If you are high-functioning, then this could be your future.

### **Intra-preneurs**

This is a funny word – an abstract of *entrepreneur*.

These adventurers also take risk, but within the organizational structure already created. An example would be Red Lobster. Red Lobster is a part of the Darden Corporation – owned by General Mills. An Intra-preneur within the organization took risk, using corporate money to start a new enterprise with a slightly up-scale restaurant. If you end up not being an entrepreneur, maybe you will become one within your current employer. Seeking new opportunities within existing ones. If you go this route, be certain to structure your compensation with the sales growth of your new “baby.”

Wikipedia defines an Intrapreneur like this:

"Intrapreneurship refers to employee initiatives in organizations to undertake something new, without being asked to do so." <sup>[9]</sup> Hence, the *intrapreneur* focuses on innovation and creativity, and transforms an idea into a profitable venture, while operating within the organizational environment. Thus, intrapreneurs are *Inside entrepreneurs* who follow the goal of the organization. Intrapreneurship is an example of motivation through job design, either formally or informally. (See also [Corporate Social Entrepreneurship](#): intrapreneurship within the firm which is driven to produce social capital in addition to economic capital.) Employees, such as marketing executives<sup>[10]</sup> or perhaps those engaged in a special project within a larger firm, are encouraged to behave as entrepreneurs, even though they have the resources, capabilities and security of the larger firm to draw upon. Capturing a little of the dynamic nature of entrepreneurial management (trying things until successful, learning from failures, attempting to conserve resources, etc.) adds to the potential of an otherwise static organization, without exposing those employees to the risks or accountability normally associated with entrepreneurial failure.

Another characteristic of intrapreneurs is their courage and flexibility to think outside of the box, which allows them to work on ideas that may change strategic direction. Even though many managers are afraid of radical changes, they are often the only way to help companies grow. This is exemplified by [Wipro](#) in India, a small vegetable company that ended up being a software outsourcing powerhouse. Another example is [Tony Hsieh](#) of [Zappos](#), who started as a commercial footwear vendor and became the CEO of Zappos, which has expanded into an online customer experience company.

According to Pinchot,<sup>[11]</sup> intrapreneurs are both employees and leaders of a large organizations that act similar to entrepreneurs in terms of e.g. self-motivation, creativity and pro-activity. Pinchot claims that while intrapreneurs must be leaders, they differ very much from managers. Strong leadership skills are needed to strengthen teams and to persuade others to follow and execute their ideas. Leadership skills are also important to

# BMGT 299: Entrepreneurship Capstone

## Unit 1 Course Materials



support rapid decision making under uncertainty. Managers, on the contrary, consider more risks than uncertainty and often work within established patterns. Moreover, traditional managers get their authority from the above; intrapreneurs, by contrast, start without the recognition of the same degree of power.

Intrapreneurs are able to search for opportunities and shape them into high-potential innovations through teamwork and with access to corporate resources. This assumes the right conditions of good leadership, communication and the appropriate environment to support creativity, these are essential for entrepreneurial outcomes to take place <sup>[12]</sup>). The win-win situation of intrapreneurial motivation leading to corporate benefits are considered idealistic by some. According to Smedley <sup>[13]</sup>), only a few companies know how to encourage intrapreneurs. Some examples are listed below.

### Additions to our “entrepreneurship” attributes

1. They are usually sociable people.
2. Highly Competitive *\*This doesn't mean that everyone is “loud” about it – but competitive just the same.*

### Why you are here!

People go into business for themselves for many different reasons. It might range from the following:

To make a living  
To create my own job to allow for me to live *anywhere*.  
To prepare for retirement  
For additional family income  
Personal satisfaction

Whatever reason you possess, add it to the list!

### Why do businesses fail?

It is important to note here that businesses do fail. They fail for as many reasons as there are motives for starting them. Common reasons include:

The business is started under-funded. *\*Do remember that this is the “risk” thing related to most entrepreneurs. Don't confuse not having enough money to grow at the rate you wanted with not having enough money to start the venture. It is almost unheard of for a small business to have more money than they need to succeed.*

The entrepreneur is focused on the “trappings” of owning a small business rather than the markets to reach. *\*I know of many start-ups where the capital is used to host*

# BMGT 299: Entrepreneurship Capstone

## Unit 1 Course Materials



*“promotional parties”, or have their vehicles wrapped in graphics rather than focus on “closing” the deals.*

*Poorly managed. \*Often the business is employed by the partners, many of whom duplicate skill sets, but lack the practical skills needed to fulfill their true job descriptions. If you lack certain skills in your business, (think Marketing, Management, Legal, Accounting) then cautiously hire the needs out.*

*The costs required to deliver their products or services are miscalculated. \*If your margins don't pay for your costs, the result is always catastrophic.*

### **Which one?**

Choosing your business is THE MOST important decision you will make. It is the difference between fulfillment and economic success, to layoffs and soul searching.

The objective here is to analyze a subset of business opportunities and options. Which business model you prefer may not work for the industry you are entering. We are about to use the answers you provided in your course Questionnaire – and use those answers to evaluate different options.

### **The Criteria Rating System**

Have you ever considered how the products on Amazon.com uses a rating system using a systematic approach to the evaluation criteria. Examples include price, quality, buyer reviews, seller ratings, etc... This assignment (To follow) will ask that you revisit your Personal Goals and your Business Goals in the context of alternate business opportunities.

Please continue on to this unit's assignment.