

MALIN BRÄNNBACK | ALAN CARSRUD

---

FUNDAMENTALS

---

— FOR —

---

BECOMING  
A SUCCESSFUL  
ENTREPRENEUR

---

FROM BUSINESS IDEA  
TO LAUNCH AND MANAGEMENT

---



## **Praise for *Fundamentals for Becoming a Successful Entrepreneur***

“Most books on new venture creation are relentlessly performative, giving guidance on how to complete a business plan. Brännback and Carsrud take a different approach. Adopting the voice of an experienced and wise mentor, they guide the would-be entrepreneur/new venture creator through the start-up process, emphasizing what they need to know and why they need to know it. Engaging and scholarly without being dry and demystifying the start-up process, this is a must-read for the manager/employee interested in entrepreneurship as a career option.”

—**Professor Richard Harrison**, Chair in Entrepreneurship and Innovation, University of Edinburgh Business School, Edinburgh, UK

“Brännback and Carsrud present an engaging and wide-ranging approach to starting and growing businesses that covers context, mindset, and the type of behaviors necessary for being entrepreneurial. The authors also draw from a global selection of examples to show the universality of many entrepreneurial practices along with a set of recommended exercises to help the reader on their way.”

—**Professor Patricia Greene**, Paul T. Babson Chair in Entrepreneurial Studies, Babson College, Wellesley, MA

“Finally a book on entrepreneurship for the rest of us. A book not bound by the myths of the Silicon Valley, but rather a book that speaks to the entrepreneurial spirit in all of us. Brännback and Carsrud have put together a very practical book that is perfect for students, aspiring entrepreneurs or ‘any person with a desire to pursue an opportunity and to achieve a goal.’ This is a book for real people looking to create real businesses and real careers that meet their goals, not create mythical ‘ventures.’ This book is going on the syllabus.”

—**David L. Deeds, Ph.D.**, Sandra Schulze Professor of Entrepreneurship, Opus College of Business, The University of St. Thomas, Minneapolis, MN

“Reading this book was a valuable refresher to my MBA coursework—and a reminder of some of my many mistakes. If you are considering starting your own business, save yourself time and money by reading this first!”

—**Chris Jarvis**, author of *Wealth Secrets of the Affluent* and founder of Jade Risk

*This page intentionally left blank*

**FUNDAMENTALS FOR  
BECOMING A  
SUCCESSFUL  
ENTREPRENEUR**

**From Business Idea to  
Launch and Management**

**Malin Brännback**

**Alan Carsrud**

Publisher: Paul Boger  
Editor-in-Chief: Amy Neidlinger  
Acquisitions Editor: Charlotte Maiorana  
Editorial Assistant: Olivia Basegio  
Cover Designer: Chuti Prasertsith  
Managing Editor: Kristy Hart  
Project Editor: Elaine Wiley  
Copy Editor: Cenveo® Publisher Services  
Proofreader: Cenveo Publisher Services  
Indexer: Cenveo Publisher Services  
Manufacturing Buyer: Dan Uhrig

© 2016 by Malin Brännback and Alan Carsrud  
Published by Pearson Education, Inc.  
Old Tappan, New Jersey 07675

For information about buying this title in bulk quantities, or for special sales opportunities (which may include electronic versions; custom cover designs; and content particular to your business, training goals, marketing focus, or branding interests), please contact our corporate sales department at [corpsales@pearsoned.com](mailto:corpsales@pearsoned.com) or (800) 382-3419.

For government sales inquiries, please contact [governmentsales@pearsoned.com](mailto:governmentsales@pearsoned.com).

For questions about sales outside the U.S., please contact [international@pearsoned.com](mailto:international@pearsoned.com).

Company and product names mentioned herein are the trademarks or registered trademarks of their respective owners.

All rights reserved. No part of this book may be reproduced, in any form or by any means, without permission in writing from the publisher.

Printed in the United States of America

First Printing November 2015

ISBN-10: 0-13-396681-X

ISBN-13: 978-0-13-396681-7

Pearson Education Ltd.

Pearson Education Australia PTY, Ltd.

Pearson Education Singapore, Pte. Ltd.

Pearson Education Asia, Ltd.

Pearson Education Canada, Ltd.

Pearson Educación de México, S.A. de C.V.

Pearson Education—Japan

Pearson Education Malaysia, Pte. Ltd.

Library of Congress Control Number: 2015950136

# Contents

<b>Introduction</b>	<b>Why This Book, What It Is All About, and Who We Are. . . . .</b>	<b>.xi</b>
	The Why . . . . .	xi
	The What . . . . .	xiii
	The Who . . . . .	xvi
<b>Chapter 1</b>	<b>What Is This Thing Called <i>Entrepreneurship</i>? . . . .</b>	<b>1</b>
	Introduction. . . . .	1
	The Entrepreneur . . . . .	1
	Entrepreneurial Dreams and Their Outcomes . . . . .	2
	There Is No One Narrative . . . . .	4
	Collective Dreams . . . . .	6
	Why Entrepreneurship Became Important . . . . .	6
	Challenging Assumptions—Entrepreneurship Is for All . . . . .	7
	Entrepreneurial Environments . . . . .	9
	National Innovation Systems for Entrepreneurs . . . . .	10
	Incubators and Accelerators . . . . .	11
	Entrepreneurs: Made or Born . . . . .	12
	Who Is an Entrepreneur? . . . . .	12
	The Entrepreneurial Personality . . . . .	13
	Entrepreneurial Mindset . . . . .	14
	Defining Entrepreneurship: It All Depends. . . . .	16
	Opportunity Recognition . . . . .	17
	Entrepreneurial Goals. . . . .	19
	Different Goals for Different Folks . . . . .	20
	Other Definitional Issues . . . . .	20
	The Self-Employed as Entrepreneurs . . . . .	22
	The Context for Self-Employed Entrepreneurs. . . . .	22
	A False Dichotomy . . . . .	25
	Do Goals Differentiate? . . . . .	26
	A Mini-Case Example. . . . .	27
	Opportunity and the Entrepreneur. . . . .	28
	Exercises . . . . .	29

Advanced Exercises . . . . .	30
References . . . . .	31
<b>Chapter 2 What Is Being Successful: Well It All Depends . . .</b>	<b>33</b>
Why Examine Success? . . . . .	33
Case Example from Finland and Sweden . . . . .	33
Defining Success . . . . .	37
Defining Failure . . . . .	37
Measurement Issues in Defining Success (and Failure) . . . . .	39
Success in the Entrepreneurial Context . . . . .	40
How Some Firm Founders See Success . . . . .	41
How Entrepreneurship Researchers View Success . . . . .	42
An Ancient Narrative on Obtaining Success . . . . .	44
Success and Opportunity . . . . .	44
Tying Success to Entrepreneurial Goals . . . . .	45
Is Success Wealth? . . . . .	46
The True Secret to Success: Networking . . . . .	47
Rules for Networking . . . . .	49
Finally, Success Is Having Fun . . . . .	50
Case Example from Italy . . . . .	51
Conclusion . . . . .	54
Exercises . . . . .	55
References . . . . .	55
<b>Chapter 3 Getting a Good Idea and Making It Work . . . . .</b>	<b>57</b>
Overview . . . . .	57
The Idea . . . . .	57
Idea Generation . . . . .	58
Concept Benefits: Needs, Wants, and Fears . . . . .	59
Examples of Needs, Wants, and Fears . . . . .	61
Thinking out of the Box: Not Everything Needs a Hammer . . . . .	62
The Role of Creativity . . . . .	63
The Concept . . . . .	65
The Conceptual Event . . . . .	66
A Case Example of the Conceptual Event . . . . .	67
The Entrepreneur as a Dreamer . . . . .	68
Generating Ideas . . . . .	70
Creating a Viable Business Concept and Business Model . . . . .	71

Looking for Trends and Counter Trends as Concept Sources . . . . .	72
Brainstorming: The Good and The Ugly . . . . .	74
Timing: It Is Not First to Market . . . . .	74
Designing a Concept for Profitability and Growth . . . . .	75
Building a Viable Business Concept . . . . .	76
More Thoughts on Concept Development . . . . .	78
Some Commentary on Franchises . . . . .	79
The Concept Feasibility Worksheet Exercise . . . . .	80
Exercise: Can You Describe the Concept? . . . . .	82
References . . . . .	84

## **Chapter 4 The Basics About Marketing**

<b>You Have to Know . . . . .</b>	<b>85</b>
An Overview . . . . .	85
Why Know Your Market? . . . . .	86
What Is Marketing? . . . . .	87
Basic Marketing Terminology . . . . .	87
Marketing Research: Doing the Work Upfront . . . . .	91
Market Research: Start Personally . . . . .	92
Examples of Walking Around Research . . . . .	96
Developing Effective Marketing Strategies . . . . .	97
Mobile Devices and Marketing . . . . .	99
The Internet: The Best and Worst for a Venture . . . . .	99
Using the Internet and Cell Phone Apps . . . . .	101
Selling: The Challenge . . . . .	102
Typical Problems in Selling Anything . . . . .	102
Selling to the Internet Generation . . . . .	104
Marketing in the Social Media Age . . . . .	105
Advertising . . . . .	106
Public Relations . . . . .	107
Branding . . . . .	108
Exercises . . . . .	109
References . . . . .	109

## **Chapter 5 It Is All About Building a Better Mousetrap:**

<b>Product and Service Development . . . . .</b>	<b>111</b>
Overview . . . . .	111
Product/Service Innovation . . . . .	112

Entrepreneurs Versus Inventors . . . . .	113
Stage-Gate Model of Product Development . . . . .	114
Using Stage-Gate Model. . . . .	116
Types of Innovation. . . . .	120
Focus Innovation . . . . .	121
Innovation Impact . . . . .	123
To Innovate or Not: That Is the Big Question . . . . .	123
Commercialization Is Key . . . . .	125
Defining New: In the Eye of the Beholder . . . . .	125
Building on the Past . . . . .	127
Reinventing an Industry's Products: Examples. . . . .	127
E-Commerce: Using Innovation in Marketing and Distribution . . . . .	128
Industry Change as Opportunity for Product/Development . .	130
Examples of Industrial Change Fostering New Models . .	130
Spotting New Trends for New Products/Services . . . . .	132
Basic Conditions for Successful Products and Services . . . . .	133
Case Study of New Product Development in a New Venture. .	134
Patents, Trade Secrets, and Copyrights. . . . .	138
Exercise. . . . .	138
References . . . . .	139

## **Chapter 6 Finding Team Members and Building an Entrepreneurial Organization. . . . . 141**

Overview. . . . .	141
Building the Venture One Person at a Time. . . . .	142
The Entrepreneurial Team. . . . .	142
Other Issues to Consider . . . . .	144
Outsourcing. . . . .	145
Finding New Employees. . . . .	146
Big Hiring Errors. . . . .	147
Characteristics of a Good Hire . . . . .	148
A Mini-Case Example. . . . .	150
Whom to Hire or Not, Whom to Fire or Not . . . . .	151
Saying "No" to an Applicant . . . . .	152
Firing an Employee. . . . .	152
To Be a Family Firm or Not to Be . . . . .	154
What Is Firm Owning Family? . . . . .	154

Family Goals Impact Hiring . . . . .	155
Long-Term Impact of Hiring Family Members . . . . .	156
Compensation, Benefits, and Stock Options . . . . .	156
Building an Entrepreneurial Team Structure. . . . .	158
A Line Structure for Entrepreneurial Teams. . . . .	159
Project Approach to an Entrepreneurial Team Structure . . . . .	161
Informal Structure: Key to a Successful Entrepreneurial Team . . . . .	161
New Firm Governance . . . . .	162
Legal Structure Decisions. . . . .	163
Final Thoughts on Entrepreneurial Management. . . . .	165
Exercises . . . . .	166
References . . . . .	166

**Chapter 7 Everything You Really Need to Know About  
Entrepreneurial Finance . . . . . 169**

Entrepreneurial Finance: An Introduction . . . . .	169
Building an Entrepreneurial Financial Strategy . . . . .	170
Entrepreneurial Finance: Not Just Venture Capital and IPO . . . . .	171
Building a Sustainable Revenue Model . . . . .	172
Cash Flow: A Numerical Scorecard . . . . .	174
Determining Cash-Flow Needs. . . . .	175
Timing and Cash Flow . . . . .	177
Money Comes in Four Forms . . . . .	179
Finding Money and Investors . . . . .	182
More Money Sources . . . . .	183
The Myth of Needing Deep Pockets . . . . .	185
Understanding Investors and Bankability . . . . .	186
Capital . . . . .	189
Debt Financing . . . . .	191
Banks . . . . .	192
Venture Capital . . . . .	192
Angel Investors . . . . .	193
What Investors Look for in Any Venture. . . . .	193
Bootstrap Financing . . . . .	194
Advantages to Bootstrapping . . . . .	195

Crowd Funding . . . . .	196
Exercises . . . . .	198
References . . . . .	199

**Chapter 8 How to Grow or Not to Grow Your Venture:  
That Is the Management Challenge . . . . . 201**

Growing Your Venture: An Introduction . . . . .	201
What Is Business Growth? . . . . .	201
Developing a Workable Growth Strategy . . . . .	202
Growth and Success . . . . .	203
Mini-Case on Growth by Replication . . . . .	204
Describing Growth Versus Defining Growth . . . . .	206
Some Descriptions and Issues . . . . .	207
Growth and Competition . . . . .	216
Growth as Metamorphosis . . . . .	218
Conclusion . . . . .	221
Exercise . . . . .	221
References . . . . .	222

**Chapter 9 Planning: Should You, When Do You, and How  
Do You? . . . . . 223**

Overview of Plans and Planning . . . . .	223
Why Plan? . . . . .	225
Hooked on a Feeling . . . . .	227
When Do You Plan? . . . . .	228
How Long Will It Take? . . . . .	229
For Whom Do You Plan? . . . . .	230
What Goes into a Business Plan? . . . . .	232
Detail Content of a Written Business Plan . . . . .	232
Executive Summary Content . . . . .	233
Marketing Plan Content . . . . .	235
About Competition . . . . .	237
Management and Organizational Plan . . . . .	238
Financial Plan Content . . . . .	240
General Comments Concerning Plans . . . . .	242
Final Words on Planning and Success . . . . .	242
Mini-Case on Chocolate Pralines . . . . .	243

**Index . . . . . 247**

# Introduction

## Why This Book, What It Is All About, and Who We Are

---

### The Why

It is always good to begin at the beginning. First of all we have long loved the field of entrepreneurship. Since 2013 we had wanted to write a new book aimed primarily at would-be entrepreneurs. Then in 2014 we were approached by Charlotte Maiorana, a long-time friend and editor in the publishing world. She asked us if we would consider writing a book for Pearson. She was scouting for a book on entrepreneurship aimed at the would-be entrepreneur, the MBA student, or an executive looking for a career change. She was familiar with many of our more research-oriented books done for other publishers. She also knew of an earlier professional book we had done aimed at the individuals considering starting a new venture. Hers was a challenge that we willingly accepted as we felt most of what was available to the reader was either way too academic, or aimed at undergraduate students as a textbook, or too highly focused on technology entrepreneurship to the detriment of other areas in which entrepreneurship occurs. We also felt that much of what was available in book form did not reflect the current contexts in which most would-be entrepreneurs exist nor did they reflect the latest trends in marketing and finance. We thus accepted her challenge and this book is the result.

Unlike many individuals, especially academics, who have written books on entrepreneurship, we have actually started ventures so we have a perspective different from many of our colleagues and other individuals writing on the topic. Through all this endeavor to write this book, we have been joined together by our mutual love for entrepreneurship and our profound respect for the many entrepreneurs we have met around

---

the world. The area of entrepreneurship has been our personal passion as teachers, researchers, consultants, and entrepreneurs. We hope in this book that we can bring to the reader a sense of the excitement of creating a new venture, the joy of making your first sale, the challenge of hiring staff, the pains of growing, the fear of failure, the agony of planning, and the ultimate satisfaction when you look at what you have created as an entrepreneur. This is a journey, like none other. We hope, in the following pages, you will like the adventure we are suggesting you take to become a successful entrepreneur. Remember one of the joys of becoming an entrepreneur is that sometimes you cannot only challenge the rules, but sometimes also get a chance to break them. As Anglican Bishop Alan Wilson has noted:

If nobody ever experimented with going ahead of the rules, the rules would never change and that's the evolutionary process. . . .

One of the important reasons we are able to do this book is all of the entrepreneurs and business owning families with whom we have worked over the years. They have shown us how much entrepreneurship has evolved over the last three decades. We want to thank them for the reality and practicality they have provided to our thinking. Likewise, we also owe a great deal to our many students around the world who have gone on to create a wide variety of firms and/or to teach entrepreneurship. Much of the research work that underpins this book is not just our own, but also the work of hundreds of our colleagues who have built the academic foundation of this field since we first entered it over 30 years ago. Without their research and insights, this book would be just a collection of old wives tales.

To keep this book from being a boring academic tome, we have chosen not to cite every piece of research work that is meaningful (and useful) in the field. We owe a lot to the research studies that can be found in the primary journals in the field: *Journal of Small Business Management*, *Entrepreneurship: Theory and Practice*, *Journal of Business Venturing*, *Entrepreneurship and Regional Development*, *Journal of Small Business Economics*, *Family Business Review*, and *Journal of Enterprising Culture*. We realize how much this field has grown since we first entered it. Today there are over 100 academic journals in the field and thousands of universities around the world with programs and courses in entrepreneurship.

No institution has influenced the field more than a 35-year-old research conference focused on the field. Thus we want to acknowledge the Babson College Entrepreneurship Research Conference (BCERC), which has long been the place where the best research and new theories have been presented. In fact, this book is being wrapped up while at the 2015 BCERC meeting in Boston. We are also indebted to the International Council on Small Business, the oldest professional organization for those interested in entrepreneurship, which founded the oldest journal in the field over 50 years ago and remains a significant source of information on entrepreneurship of a small business management. These groups are among the academic foundation stones for this book.

Next, we feel we must acknowledge the financial support of the following organizations. First we want to thank the Kauffman Foundation of Kansas City, Missouri, then The Åbo Akademi Foundation, and finally TEKES (The Finnish National Technology Agency) for their support to some of our work over the years. Finally, we want to thank our families (and pets) for their support to our efforts and the reality check they constantly provide us when it comes to what is important in life. This reminds us to say every successful entrepreneur will have to constantly deal with balancing work-life issues.

## **The What**

We will begin this book by covering in Chapter 1 on what entrepreneurship is and its various roles in world's economy. We look as well at its historical and philosophical underpinnings. We then discuss some of the characteristics of an entrepreneur and the various contexts in which entrepreneurial behavior occurs. This includes some discussion on various theories about entrepreneurs and entrepreneurial behavior. We do this because we believe challenging your preconceived assumptions with research-based theory will be useful. Using both mini-cases and short vignettes, we provide examples of some of those characteristics and the importance of acting upon the intention to become an entrepreneur. Finally, we provide you with some exercises to do.

In Chapter 2 on fundamentals we have a lengthy discussion on what is success and what it means to become a successful entrepreneur. This includes looking simply beyond making money to helping you,

the reader, to develop your own personal definition of success for the venture. Using a mini-case and several short vignettes, we explore the various meanings of both success and failure in a new venture. We also give you some exercises in the chapters, which we hope will encourage you to action. Sometimes taking action will bring success, and at other times they will bring failure. We try to make it plain that failure does not mean the end of becoming an entrepreneur, but that is only a part of the learning process of creating a new venture. To us, motivation is a key to being a successful entrepreneur and knowing yourself. In this a key task is goal setting, both short and long term.

In Chapter 3 we get to the “core” of the new venture creation process. We discuss how you find a good idea and how to exploit an opportunity to create a new venture. We think this is often the most underappreciated aspect of the process. While a poor idea with a great team pushing it can sometimes be a viable business, the better option is a good-to-great idea being led by a great entrepreneurial team. To achieve this business concept requires knowing not only what is happening in the external environment but also in terms of what you bring to the venture as the would-be entrepreneur. We discuss a variety of topics including creativity and innovation, and provide you with some examples via mini-cases and examples.

Moving on Chapter 4, we discuss everything we think you ought to know about marketing initially. You will need marketing to develop your products and services in terms of characteristics that customers want. We will direct you to understand your market in terms of their needs, wants, and fears. Using a variety of examples, including cases, we talk about how an entrepreneur needs to do market research and effective and inexpensive methods to do this work. We also discuss the feared topic of “how to sell,” something most books on entrepreneurship ignore but which we feel is exceptionally important. If you are afraid to ask for the cash, or the contract, you are going to need to get over that fear.

Next we turn to a more detailed discussion in Chapter 5 on your core business concept in terms of what is your product or service and how to develop them. We discuss the importance of using marketing data in the development of your product/service regardless if you are doing a piece of technology or creating a new dish for your eating establishment. Developing a prototype is now so much easier with 3D printers and

menu testing. We think this area, well known in technology entrepreneurship in engineering schools, is a core skill every entrepreneur needs to know and practice in an ongoing basis. Once again we provide you with some mini-case examples.

Then we turn to a discussion in Chapter 6 on fundamentals of building an entrepreneurial organization. We include the seemingly boring, but highly critical, topics of hiring, firing, and retaining your entrepreneurial team and employees. We discuss how organizational structure is built in a new firm, including the pros and cons of outsourcing. We then turn our attention to why every entrepreneur needs to have legal and accounting advice in the process of the formation of the new venture to ensure appropriate tax treatment. We also discuss the role of governance of the firm and the need for buy-sell agreements and intellectual property protection as well.

In Chapter 7 we turn to entrepreneurial finance and the search for capital. While everyone thinks this is the most critical part of creating any new venture, we argue that it is only after you understand what you are doing other things first. Do you really understand your business concept? What are your markets? How to reach these markets? Then and only then can you discuss how much money you need and where to get it. We put emphasis on the use of bootstrap financing and achieving profitability as frankly this is what 98 percent of all entrepreneurs will ultimately use to start their venture. We then discuss the importance of cash-flow management as the very essence of entrepreneurial finance. We acknowledge and discuss angel, venture capital, and hedge fund financing but note the true rareness of these as tools. We acknowledge that most entrepreneurs will have little or no access to significant outside resources in starting their ventures.

Next we turn to the fundamental area of growing your new venture and managing that growth in Chapter 8. We spend some time discussing the myth of high growth firms and why profitability is the primary financial goal for any new venture if success is a goal. We also discuss further issues of having family members in the business. We examine the issues of growing beyond one location and moving into international markets. Once again we provide examples and mini-cases to show the issues that are encountered in growing a business and managing it. We believe you have to learn to manage growth or it will kill your venture.

Finally, we turn to the fundamentals of planning in Chapter 9. We explore the planning process for the venture and the execution of your intentions regarding the business. We discuss when you need to have an actually written plan. We discuss when you do planning in the process of creating a new venture and what should be included in those plans or parts of plans. We comment on who will most likely want to see your business plan and why they want to see it. We then discuss why concept pitches to investors are a form of plan and why impression management in plans is important. In this final chapter we go through the planning process in some detail along with examples and how to see plans as a roadmap through the uncertainty of starting a new venture. We also address some of the ongoing issues you will have in running an entrepreneurial venture, be it for-profit or not-for-profit.

## The Who

Before moving on the topic of entrepreneurship, we feel it may help you understand our position on topics by knowing more about the two of us. Collectively we have been involved in entrepreneurial activities for nearly 60 years and family businesses for over a half century. We have worked together as colleagues over 15 years, despite being separated by thousands of miles, living on two different continents, and having two different native tongues. Malin's first language is Swedish, her second is Finnish, and she is highly fluent in English. On the other hand, Alan's only language is a strange form of English, known to some as *Texan*. Despite the translational issues (wink), we have managed to overcome the barrier of being divided by the common language of English (a challenge Winston Churchill often mentioned). Both of us are only children and are very familiar with each of us having our own way. This has meant that if we were to be successful as research and writing colleagues, we had learned to cooperate, a skill we find every entrepreneur needs to learn if it is not already a part of their personality.

So that you have some further idea of who we are, you will find in the following text some information about our individual professional credentials and careers. Hopefully this information will let you understand how we blend in this book our experiences with entrepreneurial ventures with a rigorous understanding of the research that underpins this book. As we have said earlier, we want to thank our families for being

supportive of our collaboration over the years. We have seen kids and pets grow up in our families and we sometimes think of each other as siblings as much as research colleagues. Yes that sometimes means we sometimes fight and frequently disagree, but from those interactions come clarity of thinking we have found useful.

**Malin Brännback**, D.Sc., is Chaired Professor of International Business and Dean at Åbo Akademi University from where she also received her doctoral degree in management science in 1996. She also holds a B.Sc. in pharmacy granted in 1986, also from Åbo Akademi University. After she completed her doctoral degree, she was appointed Associate Professor in Information systems at University of Turku. In 2000 she was recruited to Turku School of Economics and Business Administration as Professor in Marketing and became the founding head of the Innomarket research group. Innomarket's focus was to support start-up biotechnology companies in their commercialization processes. In 2003 she was appointed Chaired Professor in International Business at Åbo Akademi University. She has served as Vice-Rector of the university as well. Currently she is Docent at the Turku School of Economics where she taught prior to returning to Åbo and she is Docent at the Swedish School of Economics and Business Administration in Helsinki (Hanken). She has been Visiting Professor in Entrepreneurship at Stockholm Business School (Stockholm University) since 2012. She has been on the boards of several biotechnology and IT start-up firms. She has held a variety of teaching and research positions in such fields as information systems, international marketing, strategic management, and pharmacy.

She has 200 publications in areas such as entrepreneurship, biotechnology, marketing, and knowledge management. She has co-authored seven books with Alan Carsrud, some of which are *Entrepreneurship* (2007) Greenwood Publishing; *Understanding the Entrepreneurial Mind: Opening the Black Box* (2009) Springer Verlag; *Understanding Family Businesses: Undiscovered Approaches, Unique perspectives, and Neglected Topics* (2012) Springer Verlag; and *Handbook of Research Methods and Applications in Entrepreneurship and Small Businesses* (2014) Edward Elgar. In addition, she has published three case books with Alan Carsrud on family business with Springer Verlag. She, Alan, and Niklas Kivi-luoto recently published *Understanding the Myth of High Growth Firms: The Theory of the Greater Fool* (2014) with Springer Verlag. She is on

the review board of *Journal of Small Business Management*. Her current research interests are in entrepreneurial intentionality, entrepreneurial cognition, and entrepreneurial growth and performance in technology entrepreneurship, as well as use of social media and the role of culture and language in business.

Malin resides just outside Åbo (Turku), Finland, in the south-west Finnish archipelago with her husband (Patrik), their three children (Anton, Anna, and Axel), and their two dogs. She is an avid and accomplished chef along with her husband. She enjoys any food with lemons and wine (especially Italian). She loves to knit, can throw a mean clay pot on a wheel, and enjoys working in her garden when it is not freezing (yes there are hot summers in Finland). She adores sitting in the sun on Santorini in the summer as well as enjoying a long weekend in Rome with her husband.

**Alan L. Carsrud**, Ph.D., Ec.D., was reared in his family's Texas and Ohio ranching and farm business. His father was a clinical psychologist and Alan followed initially in his footsteps. He holds a Ph.D. and M.A. in Social Psychology from the University of New Hampshire, a B.A. in Psychology and Sociology from Texas Christian University. He did postdoctoral work in Applied Industrial Psychology at The University of Texas at Austin. He holds an honorary doctorate in micro-economics from Åbo Akademi University in Finland. Today he is Managing Director of Carsrud & Associates, a consulting firm for entrepreneurs and family-owned and managed firms. His consulting clients have included government agencies like NASA and the Republic of Palau, the Los Angeles Unified School District, large firms like IBM and Ernst and Young, as well as numerous family and entrepreneurial firms in the United States, Finland, Australia, Turkey, India, Mexico, Japan, and Chile. He has been involved in over 200 start-ups in industries such varied as retail, wineries, accounting, food, airlines, biotechnology, the Internet, computer technologies, and even university-based entrepreneurship programs.

His current academic position is Visiting Research Professor and Docent at Åbo Akademi University in Turku (Åbo), Finland. His prior academic positions include holding the inaugural Loretta Rogers Chair in Entrepreneurship at the Ted Rogers School of Management at Ryerson University in Toronto, Canada; Clinical Professor of Entrepreneurship, Professor of Industrial and Systems Engineering, Professor of Hospitality

Management, and Founding Executive Director of the Eugenio Pino and Family Global Entrepreneurship Center at Florida International University. He has been Senior Lecturer and Academic Coordinator of the Price Center at the Anderson School at UCLA and Senior Lecturer in Electrical Engineering at the Samueli School at UCLA. He has also been on the graduate faculties of the Australian Graduate School of Management, Bond University (Australia), Durham University (UK), Anahuac University (Mexico), Nanyang Technological University (Singapore), University of Southern California, Pepperdine University, The University of Texas at Austin, Texas A&M University, and the State University of New York at Brockport.

He is a Fellow of the Family Firm Institute (FFI) and has served on the board of directors of FFI and the United States Association for Small Business and Entrepreneurship. He is Associate Editor of the *Journal of Small Business Management*, and co-founded *Entrepreneurship and Regional Development*. He also is on the Review Boards of the *Family Business Review* and the *International Journal of Entrepreneurship and Innovation*. He founded the UCLA Venture Development and Global Access Programs, which help create new, technology-based ventures in Australia, Chile, Finland, France, Italy, Mexico, and the United States. In addition, he created the Family and Closely Held Business Program at UCLA. He has published over 230 articles and chapters on entrepreneurship, family business, social psychology, mental retardation, and clinical psychology. He has co-authored with Dr. Brännback seven books on entrepreneurship and family business, and they have three additional books under contract.

Alan resides outside Austin, Texas, in the Texas Hill Country with his husband of 14 years, Danny, and their three cats (no he is not *a cat lady* yet as that takes four cats) and a half dozen hummingbirds. He and Danny are an avid collectors of Australian aboriginal art, Cuban surrealist paintings, Mexican cubist works, Chinese and Japanese antiques, various antiquities, as well as African sculptures and masks. When not working with Malin on various books and research articles, he is usually found on the patio tending his rose bushes with a glass of wine, or a Chilean pisco sour, in hand.

*This page intentionally left blank*

# 1

## What Is This Thing Called *Entrepreneurship?*

---

### 1.0 Introduction

Pick up any newspaper or business publication anywhere in the world today, such as the *Financial Times*, *New York Times*, Singapore's *Straits Times*, the *Sydney Morning Herald*, or the *Economist*, and you are likely to find an article in which a politician or an economist is stating how important entrepreneurship is to the nation and that we need more entrepreneurs to ensure economic growth and prosperity. In these same publications you will also find other stories about entrepreneurs themselves. Most of us will ignore the economist's or politician's pontifications and focus our attention on those compelling stories about the valiant entrepreneurs and their uphill battles to create successful ventures. We also sometimes enjoy the stories of the great failures as well. These are also the stories that frequently are seen as documentaries on TV and even award-winning movies (e.g., *The Social Network* in 2010 about Facebook or *Jobs* in 2013 about the founder of Apple). As the Kauffman Foundation of Kansas City, Missouri recently has stated:

We have a myth in our heads of what the prototypical startup founder is, and that myth is an early- to mid-20s white male who studied computer science at an elite school and dropped out.

### 1.1 The Entrepreneur

These myths and stories usually come in two forms. One story type is a tale of somebody who had an idea that very few understood or believed in, but who with determination and perhaps sheer luck was in the right spot at the right time and *voilà!* What a wonderful success story, with

---

some drama thrown in for good measure! Quite often, it is a story on a successful entrepreneur who has traveled from rags to riches through hard work and an ability to make the right decisions at the right time. But the college dropout has not always been the entrepreneurial myth. We will explore some other models of the would-be entrepreneur. For example, Hollywood has found great movie scripts in the entrepreneurial tales of the lives of Henry Ford and Thomas Alva Edison. Yet Hollywood has yet to tell the stories of some famous female entrepreneurs like Madam C. J. Walker who turned her homemade recipes for hair and scalp care products into a business empire that made her the United States' first self-made black female millionaire in the early 1900s.

The alternative story type is the story of a local or national entrepreneur celebrating an anniversary for being in business half a century and now handing over the firm to the next generation. You most likely will read these two types of stories because they are spectacular and entertaining. We may also be personally familiar with their products or services. You may even know these entrepreneurs personally. These stories are intriguing because they often capture some of “how dreams come true.” Have any of these entrepreneurs served as personal role models? Ask yourself whether reading any of these stories or seeing these movies made you dream that you could be an entrepreneur? You do not have to be a dropout of a top college to have these dreams. Nor do you have to be under 60, or be independently wealthy to be an entrepreneur as we demonstrate in this book.

## 1.2 Entrepreneurial Dreams and Their Outcomes

Even Sigmund Freud would admit that both dreams and words can have various meanings. As with all words and dreams, they come with both good and bad connotations. The word “dream” is most likely related to the Germanic *draugmus*, (meaning deception, illusion, or phantom) or the Norse *draugr* (ghost, apparition), or even the Sanskrit *druh* (seek to harm or injure). Have you ever wondered whether your entrepreneurial dream could become one of these stories? Elias Howe (1819–1867) was reported to have said that the inspiration for his invention of the sewing machine came from a dream about being attacked by cannibals bearing spears that looked like the needle he then designed for his machine. Similarly Nikola Tesla is said to have been able to imagine a device in his

mind's eye and then build it without ever having to write anything down, certainly an interesting form of “day dreaming.”

Biographies of entrepreneurs who became self-made billionaires are frequently best sellers much for the same reason. They tell stories of dreams coming true. One only needs to think of the recent biography on Steve Jobs and the dramatic events at Apple or the movie about Mark Zuckerberg and the drama behind the founding of Facebook. We also see many of these stories focused on men, but one cannot ignore the stories of famous women entrepreneurs like Coco Chanel (fashion), or Madame C. J. Walker, Elizabeth Arden, Dame Anita Roddick, and Estée Lauder (cosmetics), or Olive Ann Beech (aircraft), Oprah Winfrey and Martha Stewart (media), or Ruth Handler (who gave us “Barbie” and co-founded *Mattel Toys*).

How many of you are familiar with famous entrepreneurs from around the world who you most likely *don't know that you know*? Consider Sweden's Ingvar Kamprad (retail), or the Netherlands' Gerard Adriaan Heineken (brewing), or Chile's Don Melchor de Santiago Concha y Toro and his wife Emiliana Subercaseaux (wineries), or Japan's Takeshi Mitarai (electronics). In all these men and women one sees a picture of the entrepreneur as a person who is visionary, hardworking, risk taking, ambitious, having exceptional leadership skill, one who never gives up, and a great source of inspiration. We like to describe them as having an *entrepreneurial mindset* (Brännback and Carsrud 2009). What all these men and women have done is to show that these qualities, in combination with a brilliant idea and the ability to market, results in a great company that ultimately made the entrepreneur very wealthy. However, is wealth the only definition of success? For many of these people, success was changing an industry or creating something that was sustainable and enduring as a business over generations.

To most of us, many of the companies cited are examples of successful entrepreneurs and entrepreneurship. They are enduring *brands* created centuries ago that we still use. Successful entrepreneurship is not only about what is created here and now. It is not only about computers and Internet business (Apple, Dell, Amazon, or eBay). It is also about sustainability over time. For a thorough discussion on lasting brands and their entrepreneurs, one needs to read Koehn (2001).

### 1.3 There Is No One Narrative

The great engineer and scientist Nikola Tesla, who gave away many of his patents and was often a “loner,” is also a great example of someone using his own unique definition of success. While making money is one way you know that selling that idea is creating value for customers, it is not the only definition of success. There are many ways to spell SUCCESS. This is what we consider successful entrepreneurship and how we often describe a successful entrepreneur. Success is very much in the eye of the beholder and depends on the goals the entrepreneur has set for themselves. We have more to say about both the entrepreneurial mindset and success later in this book.

If you were to name a few successful entrepreneurs today, you are likely to mention Steve Jobs, Michael Dell, Martha Stewart, Mark Zuckerberg, Oprah Winfrey, and perhaps Henry Ford because you know or even own and use their products. Not all of you will know who Peter Thorwöste, Josiah Wedgwood, Erling Persson, Billy Durant, or Anita Roddick are. However, many of you know or own products from companies for whom these were the founders: FISKARS scissors, Wedgwood china, H&M clothing, General Motors, or the Body Shop cosmetics.

Consider Peter Thorwöste, who founded Fiskars Ironworks in 1649, which today is known as *FISKARS*, the global company manufacturing not just of the scissors with the orange handles (see Figure 1.1) but also garden tools, ceramics, and boats. Fiskars is today a leading global supplier of branded consumer products for the home, garden, and outdoors. Brands like Fiskars, Iittala, Royal Copenhagen, Rörstrand, Arabia, Buster, and Gerber all belong to the Fiskars brand palette.



**Figure 1.1** Fiskars scissors.



**Figure 1.2** Wedgwood pottery.

Then there is Josiah Wedgwood, an English potter who founded the Wedgwood pottery firm in 1759. This firm's products are still selling, and the brand Wedgwood china (along with its Waterford Crystal line) is known worldwide for its quality (see Figure 1.2). While writing this book, we learned that Fiskars on May 11, 2015 agreed to acquire the WWRD group. In addition to Wedgwood, other luxury brands in WWRD include Waterford, Royal Doulton, Royal Albert, and Rogaška. These brands are now part of this very same Finnish family firm. This is a great reminder of how successful entrepreneurs can create ventures and products that continue to impact business and the lives of consumers several hundred years later.

So is Heinz, today most well-known for its ketchup. Few of us may know that their breakthrough product was pickled horseradish. Their well-known logo '57 Varieties' created in 1896, and was the first electric sign on Manhattan lit in 1900. Recently H. J. Heinz has been purchased from the founding family by Warren Buffett's Berkshire Hathaway and 3G Capital. Then there is the Henry Ford and the Ford Motor Company that changed not only manufacturing processes but also the automotive industry. The firm still remains largely in family control through a complex ownership structure.

## 1.4 Collective Dreams

We all dream and some of us even hallucinate. Dreams are a part of many inventions. If we think of technology, then Thomas A. Edison often comes to mind. He was an “inventor” and entrepreneur who brought electric lights into homes and founded electric generation companies that still bear his name, even General Electric (GE) was founded by Edison. However, the story of electricity would not be complete without acknowledging Nikola Tesla who many say was the first to develop alternating current (among many other numerous breakthrough inventions) while Edison’s team focused on direct current.

As with all breakthrough inventions, many people are involved. For example, there were 22 others ahead of Edison in inventing the light bulb, but it was Edison who knew the power of marketing and branding. That is, pioneers in an industry like Tesla are often not the ones who win the prize or the wealth and acclaim, but those who came after them and understood how to develop a business model to exploit that invention. Success is not always about being first, or as some say, one gets “shot by other pioneers coming up behind you.” Part of the task of any entrepreneur is to get those on their teams to have similar dreams, if not buy into the one of the founder(s).

## 1.5 Why Entrepreneurship Became Important

Here we are going to get a bit academic, so forgive us. You should realize that the terms *entrepreneurship* and entrepreneur have been around for centuries. Some consider Cantillon in 1755 as having been the first to mention the phenomena in a published work. Still others claim Say (1803) was first. Regardless, Hoselitz (1951) finds early traces in historical dictionaries to the Middle Ages in the normal course of development of the French language. The most general and probably the earliest meaning is “celui qui entreprend quelque chose,” which literarily means “he who gets things done,” in other words an active person. The preceding discussion shows that the term has stirred up considerable academic debate for quite some time even though Schumpeter (1934) is often considered to be the intellectual father of the modern field of entrepreneurship.

It is our considered opinion that entrepreneurship became important in contemporary life in 1987 to be precise. In that year entrepreneurship came to be regarded as a significant factor in *national* wealth creation,

not just personal wealth creation. It thus entered the awareness of the wider, modern, audience. In 1987 David Birch published his book *Job Creation in America*. This book was the result of a longitudinal study carried out at MIT (Massachusetts Institute of Technology) between 1969 and 1986. The study traced 12 million individual business establishments during this period of time. The raw data was from Dun and Bradstreet (D&B), single unit stand-alone companies; a store, a small plant or a law firm. In 1986 the establishments employed 95% of all non-governmental workers in the United States. The complete files of D&B were tapped regularly during this time period. The files had information on employment rolls, age, and location of each establishment.

Birch's study showed that small start-up firms were responsible for more than 80% of all new jobs created in the United States and that large corporations in fact decreased employment. Small firms are more likely to expand than large organizations. If large firms were to create new jobs that would take place through *a new business unit*, not a new firm. To be blunt: large firms create new jobs through the formation of new business units. Mom and Pop Delis open up a second store managed by the owner's daughter. Statistics from the U.S. Small Business Administration has over the years remained fairly stable and the same holds for most Western countries; 99.5% of all firms in a country are classified as small firms. This holds for the United States, Australia, Chile, India, or Finland. In 2015 there is evidence from the United States that 310 new entrepreneurs per every 100,000 adults were added each month. This is up from a monthly average of 280 in 2014. This indicates entrepreneurial levels have returned to a more normal pattern since the great recession of 2008. Of equal interest is that in 2013, 23 million people were self-employed, according to the U.S. Census Bureau. For whatever reason, more and more individuals are choosing different paths to being an entrepreneur.

## 1.6 Challenging Assumptions—Entrepreneurship Is for All

That is, the results from the study by Birch challenged the long-held assumption that large organizations were the engines and drivers of a national economy in terms of job creation, innovation, and growth. A follow-up study to Birch's was presented by Bruce Kirchoff and Bruce

Philips in the same year, but with different data. That study confirmed the findings by Birch. Both studies included recessions. Kirchoff and Philips discovered that during recessions the job creation effect was extremely high, in fact 100% during 1980–1982. While we know that it is during recessions that large organizations lay off people, this evidence seems to have come as news to the general public and to politicians in particular.

These results caught the attention of politicians and legislators and as pointed out by Brännback et al. (2014) that each president since Ronald Reagan has endorsed growth and entrepreneurship in major addresses. The European Union (EU) signed the Lisbon treaty in 2001, which specifically states that the EU will provide substantial support to entrepreneurship as a way to create economic growth within EU. The word *entrepreneur* has been so widely used in recent years in the United States and in Europe that you often wonder who is *not* included. We discuss who is an entrepreneur later in this chapter.

One of the myths that we want to challenge at the very front of this book is that entrepreneurship is only for a few, or that it is a male career, or that most entrepreneurs are wealthy to before they start a firm. Another myth is that successful entrepreneurship only happens among those with a technology background. While there is some evidence to support that men outnumber women as entrepreneurs, that statistic is rapidly changing in the United States and worldwide.

Likewise, the number of entrepreneurs among the poor and disabled has been increasing in recent years. One reason is reflected in the work of Noble Peace Prize winner Dr. Muhammad Yunus, a Bangladeshi economist from Chittagong University. Professor Yunus created the Nobel Peace Prize winning Grameen Bank ([www.GrameenFoundation.org](http://www.GrameenFoundation.org)) with the focus on women. He recognized that women were the ones usually in charge of the family's money and were far more likely to repay loans than were men who typically would waste money on drink and other women. What Yunus was building on was the fact that women are less likely to waste money on highly risky ventures and as evidenced by Grameen's success. However, they were more likely to create sustainable businesses and support their families. Another group that has exploited the same concept is Women's World Banking ([www.womensworldbanking.org](http://www.womensworldbanking.org)). Interesting immigrants in the

United States have a higher incidence of new venture creation than nonimmigrants.

Technology entrepreneurship has been all the rage for decades and increasingly more and more women are becoming involved in starting technology firms. There are programs to foster technology firms and these exist worldwide. These programs have fostered firms like Google that came from work done at Stanford and fostered by the Stanford Technology Ventures Program ([www.stvp.stanford.edu](http://www.stvp.stanford.edu)). In the United States there are programs for returning military veterans at Syracuse University and UCLA, for social and “green” entrepreneurs at Colorado State University, and for the disabled at the University of Illinois at Chicago, to name just a few. The point we want to make here is that entrepreneurship is for everyone regardless of gender, race, sexual orientation, location, personal wealth, or physical health. In this chapter we hope we will challenge you to think of people from all walks of life who have chosen an entrepreneurial path for their lives and have made a difference. Perhaps what these programs show is that there are a variety of environments in which entrepreneurship can exist and in which entrepreneurs can thrive.

## 1.7 Entrepreneurial Environments

Birch’s study also showed that new firms, which take the place of older ones, tend to relocate and use a different workforce, and other resources such as needs of capital, transportation, governmental services, education, recreation, and energy. In fact, Birch’s study offered a preview of where next “business hot beds” were likely to emerge. One such was Austin, Texas, which discuss later in this chapter regarding an interesting mix of technology and artistic entrepreneurship. Birch showed that small firms and entrepreneurs were important for economic development of regions and subsequent studies confirmed this finding as well. Some of the best known examples are Silicon Valley and Route 128 that became models for similar examples worldwide. We are seeing entrepreneurial revival in rust belt cities like Detroit who have had to reinvent themselves.

For a thorough discussion encounter of the importance of regional developments in these areas, please read Saxenian’s (1994) book *Regional Advantage: Culture and Competition in Silicon Valley and Route 128*.

Regional agglomerations of business activities and communities exist everywhere and tend to be specialized to certain industries or ecosystems. For example, today these even have their own annual trade shows like SXSW (South by Southwest) attracting all major actors in the industries of internet, interactive digital technology, music, and films. Another is the Consumer Electronics Show held annually in Las Vegas where cutting-edge technology usually launches. One need only think of how the Detroit Auto Show still dominates the automobile industry or how the Paris Air Show does in aircraft.

## 1.8 National Innovation Systems for Entrepreneurs

The development of national innovation systems was also a result of Birch's findings. These are governmental initiatives on a macro level aimed at institutions. It has always been claimed that national innovation systems are for the benefit of individual entrepreneurs, but research results are not conclusive here. In many cases national innovation systems remained abstract and distant to the everyday entrepreneurs. It is important that we as individuals realize and recognize that entrepreneurship significantly impacts our lives, not just about job creation but also as a source for developing effective and innovative solutions for environmental and social problems. In many countries cultural institutions such as libraries and concert halls, universities, and foundations carry the names of successful entrepreneurs who have been significant donors to these organizations.

It is also important to understand that entrepreneurship is not only about small firms. In fact, large organizations can be extremely entrepreneurial. This is often called *corporate entrepreneurship*. The entrepreneur may be missing, but usually the champion is then called an *innovator*. In that context entrepreneurship and innovation—or entrepreneur and innovator—have come to mean the same. Yet, following Kirzner (1973) and different from Schumpeter's (1934) ideas, entrepreneurship does not always require what most people would think of as innovation.

Since the publication of the study by Birch, entrepreneurship and firm growth have been firmly on the agenda, be it government policy, academic research, or public press. There are those who firmly believe that

entrepreneurship and growth are synonyms. They are not, as we show in our book (Brännback et al. 2014), and which we discuss later in this book. They are not synonyms and neither entrepreneurship nor growth is always good or successful.

What we have shown in this discussion is that entrepreneurship is a critical element for the economic improvement of an individual, a family, a firm, a region, and a nation. To us this means that entrepreneurship can exist in small firms as much as in large organization. It exists in for-profit firms and in nonprofit social ventures. Growth and innovation are often associated with entrepreneurship and entrepreneurial firms, but not always. As we show in the following text, personal wealth creation is not always what drives an entrepreneur. It can be a desire to work independently, but also more altruistic ambitions like solving social problems.

### ***1.8.1 Incubators and Accelerators***

At this point we want to make some comments on the role of new venture incubators and accelerators. Both of us have been involved with these programs and have worked with firms in these programs in a number of countries. We have seen incubators aimed at wireless technology, cell phone apps, biotechnology, agriculture, and even new food products. Hundreds, if not thousands, of these organizations exist all over the planet. Every major research university either has one on campus or there is one located nearby. Just look at Silicon Valley or Route 128 outside Boston to see evidence of such activities. Cities with a desire to attract or retain technology talent have fostered these activities which may be either for-profit or not-for-profit in form. One only need to look at the American television shows like *Shark Tank* and its spin-offs in Canada and elsewhere to see the desire to have both financial and professional support that these institutions can provide.

However, the evidence to day is at best inconclusive if incubators really help new ventures become successful. The same outcome may well be true of accelerators. Certainly, many of these groups can claim successful firms among their graduates, but many successful firms are generated without any such supporting organization. It really is a matter of hard work on the part of the entrepreneur. We are trying to say that it takes more than just being in a program like a new venture incubator. Being

accepted is not a guarantee of success. Be aware there are scams even in this industry.

## 1.9 Entrepreneurs: Made or Born

As human beings we like to nurture these stories because they tell us that it is possible to become a financially successful entrepreneur and because most of these are well-known. What we tend to forget, or even realize, is that all of these companies started small and the path to that success was anything but assured. With these stories, we try to discern the fundamentals of who an entrepreneur is or in some cases collective entrepreneurs or entrepreneurial teams. We assume if we can define who an entrepreneur is, we will then be able to identify these people and encourage them. We fail to realize those same skills are used to be successful in any profession.

We also must remember that success for many is not defined by money, but often filling another goal like Jonas Salk and his desire to eradicate polio. His focus was developing a safe and effective vaccine as rapidly as possible. He had no desire in personal profit. When asked who owned the patent to his vaccine, Salk said, “There is no patent. Could you patent the Sun?” His goals were not monetary but included founding the Salk Institute in La Jolla, California, which carries on his vaccine work even today. Some consider Salk an early social entrepreneur long before the term appeared in the media.

## 1.10 Who Is an Entrepreneur?

This leads us to start a discussion on who is an entrepreneur. According to the *Global Entrepreneurship Monitor* (GEM), there are those who become entrepreneurs by *necessity* (no income, starving, etc.) and those who are *opportunistic* (exploit a need, market, invention, etc.). Most of the following discussion focuses on the latter group, the *opportunistic entrepreneur*. It should be noted early on that the distinction is not a pure one and includes a great deal of overlap. That said, there is increasing evidence that at least in the United States there is a significant increase in the number of new entrepreneurs who are starting their own businesses because they see an opportunity, not because they are out of work and unable to get a job (*necessity entrepreneurs*). This may explain why immigrants in the United States have higher new venture creation rates

than nonimmigrants, but most of these new firms are actually more opportunistic. These *opportunistic entrepreneurs* now represent nearly 80 percent of total new entrepreneurs an increase from the numbers found in the years following the Great Recession. Now let us turn to the defining who is an entrepreneur in more detail.

In the late 1980s academics tried to define who an entrepreneur is and what is entrepreneurial. William Gartner's article "Who is an entrepreneur? Is the wrong question" was published in 1988. Our friend Bill questioned the idea of "an entrepreneur." He argued that the *why* question tends to be answered with a description of *who*. Later other researchers tried to reframe the research agenda and define *what* an entrepreneur does, *why* they do, *how* they do, and then *who* this doer is. It has been argued that if we could find the answers to these questions, we should be able to design targeted educational programs to create more entrepreneurs. Completing an exam in entrepreneurship, or majoring in entrepreneurship at a university, would then be a rational solution to creating entrepreneurs. But, most of us know that this is not exactly the way it works. Certainly entrepreneurs have existed for millennia and certainly long before anyone developed a course on how to be one at universities such as Texas, Harvard, Stanford, New South Wales, Helsinki, or Oxford.

If one cannot make people into a functional entrepreneur, we rationalize that entrepreneurs are really born, that entrepreneurial behaviors are genetic—often using family firms as examples. But, anyone in a family business will attest that succession in family firms is among the most difficult tasks to carry out. Not all children are interested, willing or even able to take over the firm. Sometimes none of them are. And the ones who may be interested are not the ones the present owner wants as successor. Some children have no desire to live the life of a "constantly-on-the-job" parent who is an entrepreneur. While the parent's hardworking may reflect the cost of being successful, not all children see that as desirable for themselves or as a factor in being a successful parent.

## 1.11 The Entrepreneurial Personality

Then there are those who will argue that becoming an entrepreneur and a successful entrepreneur is all about personality. We do believe having a personality compatible with entrepreneurial life is critical. But that compatibility often is contextually bound, depending on the idea,

the market, and the culture in which one finds oneself operating. Frequently, it is argued that entrepreneurs are risk takers and innovators, but in many cases that is not the case. We acknowledge that there are certain personality types and motivational styles often associated with entrepreneurship in Europe, the United States, and some of the former British Empire. We also know that Persian Jews turned to entrepreneurial activity as that was the only one available to them in a conservative Muslim environment.

These personality factors, however, may not be consistent in their impact in other cultures such as Asia, Latin America, or Africa. There is some indication that there are even gender differences across cultures. What this says is that the issue of what is a unique entrepreneurial personality is not a simple answer. What we have learned is that what personality and motivational factors that make someone successful as an entrepreneur are the same as those that make one a successful pilot, scientist, or academic (Carsrud and Brännback 2011).

We know from years of psychological research that the characteristics of a successful entrepreneurs in the United States and most of Europe are the same kind of characteristics found in any ambitious persons, whether lawyer, doctor, airline pilot, that is, who are good at their professions. We know that there are high levels of some of the different components of achievement motivation for all of these. What we also know is that pattern may be different in different cultures when it comes to entrepreneurs. One component that seems to be consistent is the desire to work hard. Another is the willingness to learn new and different things. The role of a competitive personality seems to vary by cultural context as does the interaction of these factors with each other. In other words, if you have what it takes to be a good scientist, lawyer, academic, pilot, or other professional, you most likely have what it takes motivationally to be an entrepreneur.

## **1.12 Entrepreneurial Mindset**

We also argue that entrepreneurs and successful entrepreneurs have a different mindset and attitudes (Brännback and Carsrud 2009). Research has found differences in the cognitive styles of entrepreneurs and that successful entrepreneurs have different entrepreneurial leadership styles. Some of these skills can be taught, so entrepreneurial education is not

all bad. Because some characteristics are attitudes that can be influenced through education, but some of this is closer to *art*. For an in-depth discussion of various aspects of the entrepreneurial mind, we refer you to our edited volume (Carsrud and Brännback 2009) in which there are 15 chapters dedicated to various topics about the entrepreneurial mind.

Based on research, we strongly believe that any person with a desire to pursue an opportunity and to achieve a goal can be entrepreneurial and can become an entrepreneur if all other factors are equal. While we have to be cautious in defining success—as that is also a matter of kind and degree—it is possible for any entrepreneur to be successful. In Chapter 2 we return to the discussion of what success means. Moreover, for a person to be entrepreneurial does not mean that the person has to start a for-profit company as demonstrated in the preceding example of Dr. Jonas Salk.

To us entrepreneurship is an attitude toward life as much as it is an ability to create and then lead a firm. Having said that, we think it is vital to understand how entrepreneurs think since we also argue that entrepreneurs appear to perceive their reality differently than those who are not entrepreneurs. For example, why do some persons, and not others, decide to become entrepreneurs? Why do some quit a job in a large firm with a good salary and nice benefits and become life-style entrepreneurs by starting a winery or an art gallery? How do some consider such an option desirable and feasible while others do not? While theory maintains that opportunities exist when there is a competitive imperfection, we argue that very few entrepreneurs consider a potential opportunity in those terms.

We believe most potential entrepreneurs will think of a possible idea from the personal perspective of whether it is something one wants to do (desirable) and something one thinks one can do (feasible). This notion is consistent with *the theory of planned behavior*, which posits that a person who finds an opportunity desirable and feasible is likely to create a venture. Absent intention, there is no action, and thus no new venture. For a greater in-depth discussion of this theory, see Carsrud and Brännback (2009) with several chapters that explain aspects of this theory with respect to entrepreneurs.

To make our position clear, this book focuses on *the individual thinking of creating, attempting to, or actually already starting a venture to address an opportunity or need*. Yet, we think it is important to offer

some justification to these desires and attempts in a wider perspective. In fact, most societies want entrepreneurs and for these to create ventures. Entrepreneurship is not just associated with Capitalist societies as we find entrepreneurs in avowed Communist countries like Cuba, Vietnam, and China. Most societies, other than North Korea, have realized entrepreneurship is important for national wealth creation. We are sure there are entrepreneurs in North Korea, but this is one place where you can be shot for being one. That ugly reality aside, since the 1980s entrepreneurship has been a mantra for many. It has also become a source of concern when it seems to be in a slow decline as in the United States since 2008. However, entrepreneurship has been around and studied for centuries and we expect it to continue to do so for an unforeseeable future.

Finally, we want to be perfectly clear, *entrepreneurship is for anyone willing to take the time and expend the energy*. Entrepreneurs are men and women. They come in every color of skin and ethnic variety. They are gay, straight, and transgender. They are both young and old. They are geniuses and the not so bright. They may be Olympic athletes and they may have disabilities. You do not have to live in Silicon Valley to become an entrepreneur. We know of plenty of rural entrepreneurs and those in urban centers. You do not have to be rich to be an entrepreneur. We in this book try to give you examples of a wide variety of people who have become entrepreneurs. You can be an entrepreneur regardless of what is thrown at you. We are reminded of a story of a 57-year-old woman whose husband divorced her. She lost everything, including the house, car, and her money. As a parting jab, her ex-husband told her to get a dog. She did, a large English Bull Dog. She started making cards with the dog's picture on them. They sold rapidly, she made more, branched out into other products with the dogs picture. Today, she has the last laugh on her ex-husband as her venture is now a multimillion dollar business. The deciding factor is a mindset.

### **1.13 Defining Entrepreneurship: It All Depends**

While we have used the terms *entrepreneur* and *entrepreneurship* previously, we have not yet defined what these terms mean. To do that, the reader must allow us to digress for another moment into an academic discussion that we feel ultimately will be informative. One reason we think stories about various entrepreneurs have been so intriguing to so

many is that these stories reflect a complex set of interrelated phenomena. Trying to frame *entrepreneurship* as a single scholarly domain is nearly impossible. Yet, many have tried as long as entrepreneurship has been recognized or existed as a field of research. Despite plenty of attempts, to date there is no single definition of entrepreneurship. If you have seven entrepreneurship professors in a room, you are likely to have seventeen definitions. Those with psychology backgrounds have one (or two), those coming out of sociology another, economists will have several, and then there are those who come out of finance and management who carry their own bias about the topic. Even accountants are engaged in the field, which is good as too many academics in the field sometimes confuse revenues with profits.

That said, there seems to be a very broad agreement that a commercial entrepreneur (compared to a social entrepreneur) is usually a person who exploits opportunities for the purpose of economic wealth creation. This idea has existed for centuries starting with Cantillon in 1755. Different authors have over the years used different descriptions, implicitly as a risk taker while exploiting opportunities (Cantillon 1755; Knight 1921; and Say 1803), or more explicitly as opportunity creator/innovator (Schumpeter 1934) or as alert seeker of opportunities (Kirzner 1973; Mises 1951). In 1776 Adam Smith actually saw the entrepreneur as a capitalist (Landström 2005). Again, there is still little agreement in the field on how to study how opportunities are formed or exploited.

## 1.14 Opportunity Recognition

However, there is a common understanding that *an opportunity exists when there are competitive imperfections on a market* (Venkatarman 1997). While Schumpeter (1934) and Kirzner (1973) explicitly recognized that opportunities are at the core of entrepreneurship, they had different views on how opportunities and the entrepreneur were linked. Schumpeter argued that market imperfections (opportunities) were created when the entrepreneur introduced new innovations. Kirzner's (1973) entrepreneur is alert, discovers some imbalance in the market (imperfection), and seeks equilibrium through entrepreneurship. Kirzner's entrepreneur does not have to create anything new but will have to be able to recognize and exploit what is already there. In other words, it is fine to be a copycat.

Put differently, Schumpeter's entrepreneur is on the edge of the production curve and seeks to push the curve outward, thereby creating personal and societal economic wealth. Kirzner's entrepreneur is within the curve and seeks to reach the edge of the production curve by way of entrepreneurship (Landström 2005). We discuss opportunity recognition in greater detail later in this book. What is important here is how stories in the media easily ignore these theoretical differences, but they are there when we look at cutting-edge technology firms and those who are in more traditional industrial sectors.

Academics love to argue in the tradition of which came first, the chicken or the egg. This is played out in academic circles with the ongoing debate of whether opportunities exist out there for everybody to discover and then exploit or whether opportunities are created or formed by the entrepreneur (Alvarez and Barney 2013). In the former case, the existence of opportunities is taken as given and that how opportunities are formed has no impact how an entrepreneur exploits them. The latter is a recent realization that opportunities can be formed in very different ways and that the formation process may actually impact the process by which the opportunities are exploited.

The practical implications of these differences are, however, important. One approach says that anyone can see an opportunity if they are vigilant. The other sees the opportunity as being unique to the individual. It is possible that both are correct but that the opportunities differ. We hope we have not bored you with this academic discourse, but we feel that often the popular press has tended to think that all entrepreneurs are the same and yet the research indicates something far different.

An interesting encounter of attitudes toward life and the pursuit of opportunities is offered by Birch (1987: 91):

America is a nation of immigrants, but this does not mean we are a cross section of Europe and Africa—and, increasingly, Latin America and the Orient. Rather, this country has always attracted malcontents, who chafed at feudal restrictions in the 18th century and the lack of economic and religious freedom and opportunity in their old countries in the 19th and 20th centuries. Wariness regarding governmental restrictions on these freedoms and opportunities could be seen in colonial unwillingness to follow British imperial policy, which led to the Revolution.

Some have argued this melting pot view of the United States is why Americans are so entrepreneurial vis à vis more homogeneous countries like Japan. Clearly context and culture play a part in how entrepreneurial goals are expressed. In this book we make every effort to show examples of entrepreneurs from around the world we have worked with or are familiar with.

## 1.15 Entrepreneurial Goals

Some scholars argue that the ultimate goal for entrepreneurship is to create wealth, and if wealth is not created, it is something else than entrepreneurship. This implicitly means that wealth creation is the same as success. This position we have some fundamental difficulty with as wealth may not be the primary or even secondary goal, but just an outgrowth of achieving another goal. Dr. Jonas Salk could have patented his polio vaccine but chose instead to eradicate the disease. To imply you have to be wealthy to be considered an entrepreneur simply is ludicrous.

But, there is another difficulty if you say wealth creation is the only goal of entrepreneurs, because it means that entrepreneurs are entrepreneurs only if they succeed (in wealth creation). That would mean that those who fail are not entrepreneurs. They are something else. The stories of failed entrepreneurs are rarely found in media stories, somehow indicating that failure is less frequent than success. Yet we all know this is not the case. If the twin brothers Francis Edgar Stanley and Freelan Oscar Stanley who founded The Stanley Motor Carriage Company had been successful, we all would be driving steam-driven cars. Failures do occur, some more spectacular than others.

However, even academic researchers have not really looked at failed entrepreneurs. One reason to this is certainly that it is very hard to find entrepreneurs who are willing to talk about their failure. That is simply a very human thing. We rather like to talk about our successes than our failures. It is possible that failure is driven by many of the same factors as success. The reality is that we cannot really understand what drives success without looking at failure. Here is where work done many years ago is informative. There is evidence that entrepreneurs will have as many as seven ventures in a lifetime and yet only one of those will be deemed “a success.” The issue is when does that successful try come? Is it at the front of this life-long process or does it happen on the seventh try? Take

as another example the bankruptcy statistics to understand the issue is not trying. The real issue is whether society, family, and your attitudes will allow you able to try again. One of our grandfathers once reminded us that you have not really ridden a horse till you have been thrown off and gotten back on again. In many ways entrepreneurship is really like riding a horse, a big bucking one.

## 1.16 Different Goals for Different Folks

Then there is the fact that an entrepreneur may be in *it* for entirely different reasons than creating wealth. Creating a venture may come from the bare necessity of finding a way of getting food on the table or supporting a family (a necessity entrepreneur), think of our Persian Jews mentioned earlier. Becoming an entrepreneur may be driven by a desire to generate collective wealth—social wealth—the idea of doing well for someone else. In fact, in some cultures individual entrepreneurship is frowned upon as you may be risking the very survival of your family or the community if you fail. Thus, entrepreneurship becomes a community decision and activity.

There is also the reality that for personal reasons, such as increasing ones quality of life (a very subjective definition), an individual may adopt a life style form of entrepreneurship, which is different from those who focus on earning lots of money. Perhaps it is the desire to be able to continue living in one's rural home town, rather than having to move to the big city? Perhaps it is a desire to turn a hobby into a living, for example, a person hooked on surfing or downhill skiing deciding to create a store specializing in surfboards, snow boards, and downhill skis? Perhaps it is a desire to cure a disease, certainly a noble pursuit. The issue is whether the goal set is what really defines success, but is more that is mentioned later in this book. Through this book we give short examples and cases of different types of entrepreneurs to demonstrate that entrepreneurs come in all genders, races, ethnic groups, nationalities, and ages. To us what makes an entrepreneur is *attitude, part of an entrepreneurial mindset*.

## 1.17 Other Definitional Issues

There is another way to take this definitional issue of entrepreneurship, and that is to try to define what entrepreneurship *is not*. But, that approach is not very helpful either. However, some of our colleagues are

on the verge of describing entrepreneurship as something really *exceptional*, that being entrepreneurship is the creation of *high growth firms*. We address the issue of growth in a later chapter of this book. However, for an in-depth discussion on why this is a fool's errand, we refer you to our book *Understanding the Myth of High Growth Firms: The Theory of the Greater Fool* (Brännback et al. 2014).

In the same vein some view second-generation family business owners as not being entrepreneurs, as they did not create the venture but just inherited the firm. If that is the case Ray Kroc was not the entrepreneur at McDonald's nor were the two McDonald brothers Richard and Maurice, but their father Patrick was. This definition would mean that only founders can be entrepreneurs. Just like McDonald's where those who came later would be the acknowledged entrepreneurs, we have plenty of examples of family firms remaining entrepreneurial generation after generation as we can see in firms that reinvent themselves with new products, markets, and organizational structures. Heineken Brewing is another example of a family firm making entrepreneurship happening in terms of new markets and brands under the leadership of Alfred "Fred-die" Heineken, the grandson of the founder.

Returning to *Necessity Entrepreneurs*, such as immigrants or oppressed minorities, these individual did not initially discover an opportunity but had to find a way to make a living and therefore had to do something. To say that this is not entrepreneurship is to negate the struggle many of these people have undergone. Interestingly, many necessity-based firms are actually exploiting opportunities and thus the distinction between the types can be fuzzy at best.

There are a few who think that only those with frame-breaking technology can be true entrepreneurs. We totally disagree. These technology entrepreneurs, who are real special cases, face entirely different challenges than many "ordinary" entrepreneurs in established industries or necessity entrepreneurs in trying to survive physically. They need much more initial funding and it takes forever to turn a profit if they ever manage to do so. Biotechnology entrepreneurs are a special case of technology entrepreneurs as that is about developing science first, then technology, and only then figure out whether there is a business opportunity involved there too. Perhaps, the one thing all of the above have in common is hard work and a desire to achieve a goal, which differs

for each. If you think being an entrepreneur is easy, this is not the right career choice for you.

## 1.18 The Self-Employed as Entrepreneurs

Recently, the U.S. Census Bureau estimated the number of domestically based ventures that are ones with no employees expanded by 23 percent in 10 years to a total of more than 23 million firms. Nationally, these *nonemployer* businesses have seen their revenue grow to more than \$1.05 trillion. It should be obvious at this point that we take a rather broad and inclusive view of entrepreneurship. We think there are advantages in taking this “big tent” approach to who are entrepreneurs. Take, for example, the creative people or artists who sell their art or craft. In many cases there is little new technology involved in those processes, just paint, clay, metal, and clutter. However, as one will discover, the Internet and digital technology are rapidly changing the visual arts as one can see in the use of *Photoshop* software, or 3D printing. The same can be said for musicians and performance artists who have embraced new technologies in the creation of their art form.

The point is that many self-employed are in fact those who are creating something, not just art, but new technologies like software applications for cell phones. Typically, nonemployer businesses are one-person business, like a freelance graphic designer. We all have people we know who do this on the side as well as friends who blog and sometimes who make an income from on-site advertising. Then there are the YouTube sensations with providing advice on a variety of topics and end up with a huge following. We have seen the same thing happen with Twitter; users who end up making money because of their posts. Sometimes these ventures include family members and friends who aren't paid. These are examples we can all relate to are firms where the venture is entrepreneur's primary source of income. Just think of those real estate agents you know, or even your personal medical doctor. In other cases the single entrepreneur may operate their venture as a *side job*. If you are a parent, you know these people as they provide babysitting and tutoring to your kids.

### 1.18.1 The Context for Self-Employed Entrepreneurs

Cities are often judged on the viability—not just on technology and firms created—based on the quality of life, which include the arts. Where would New Orleans be without music and the culinary entrepreneurs

that have made the city as famous for its food as it is for its music and nightlife? Many of those who are self-employed are often considered by the media and policy makers as not requiring attention. Their value has often been ignored. What brought back New Orleans after Hurricane Katrina was the vitality of the art, music, and food scenes. If they had abandoned the city, it would have turned the city into a ghost town with quaint buildings.

However, recently cities like New Orleans and Austin have seen the value in fostering their artists as much as they have their technology firms or oil firms. One only has to look at Austin, Texas billing itself as the “Live Music Capital of the World” and the role music plays in SXSW (South by Southwest) in which technology, music, and film go hand in hand. In Austin alone, for example, one of the fastest growing areas for the self-employed is in the *Arts, entertainment and recreation sector*. In 2003 there were 5,931 such ventures. By 2013 the number of such firms rose to 11,355, an increase of 91 percent with estimated revenues of \$271 million in 2013. This is no small part of the economic life of a city like Austin.

One such nonemployee venture in the arts sector is one operated by an Austin area artist, Danny Babineaux ([www.dannybabineaux.com](http://www.dannybabineaux.com)). Currently his paintings are focused on animal subjects. He does commissions of people’s pets, the ubiquitous Texas longhorn cattle, as well as endangered species such as elephants and rhinos (see Figures 1.3 and 1.4). He has sold his paintings not just in Austin but worldwide; thanks to the Internet that allows him to be independent of traveling to art shows and exhibiting in galleries with their associated overhead costs. By using PayPal, he is able to take credit card payments. The following is an example of some of his arts:

Historically one need only look at artists like Rembrandt Harmenszoon van Rijn, the father of the “selfie,” Pablo Picasso, Andy Warhol, George F. Handel, Richard Wagner, or the Beatles collectively, or Lennon and McCartney individually to say that all were successful on a number of dimensions including financially. All had huge impacts on society. Warhol’s print runs became immediate production lines. Picasso outsourced his pottery to a family firm to produce. Lennon and McCartney created an entire industry with lasting impact on society and music. One can look at the current success of Taylor Swift. It is clear her current music



**Figure 1.3** Texas longhorns (Danny Babineaux, artist).



**Figure 1.4** Endangered elephants (Danny Babineaux, artist).

and business skills only hint at what her entrepreneurial talents will produce in the future.

## 1.19 A False Dichotomy

If you remember earlier we discussed the work of David Birch and discussed the role of small business and entrepreneurs. At this point perhaps we need to delve into these terms in a bit more detail. Many of the early scholars who argued that small business owners are not entrepreneurs (e.g., Carland et al. 1984) had no real understanding of how small firms operate. These researchers fail to appreciate the innovations these firms often create nor how much an entrepreneur's personality impacts their operations (think Donald Trump here). Reading today their definitions of 30 years ago of a small business owner and entrepreneur is rather more confusing than helpful. Consider these (Carland et al. 1984:358):

*A small business owner* is an individual who establishes and manages a business for the principal purpose of furthering personal goals. The business must be the primary source of income and will consume the majority of one's time and resources. The owner perceives the business as an extension of his or her personality, intricately bound with family needs and desires.

*The entrepreneur* is an individual who establishes and manages a business for the principal purpose of profit and growth. The entrepreneur is characterized principally by innovative behavior and will employ strategic management practices in the business.

In this same article a small business venture is also distinguished from an entrepreneurial venture (p. 358):

*A small business venture* is any business that is independently owned and operated, not dominant in the field, and does not engage in any new marketing or innovative practices.

An *entrepreneurial venture* is one that engages in at least one of the Schumpeter's four categories of behavior: that is, the principal goals of an entrepreneurial venture are profitability and growth and the business is characterized by innovative practices.

Finally, the Carland article presents a summary of a review of the literature between 1848 (Mill) and 1982 (Dunkelberg and Cooper) of characteristics that describe entrepreneurs, but obviously not small business owners. Birth order, gender, or marital status had been excluded (p. 355) “. . . because of the inability of a prospective entrepreneur to alter those variables in order to increase his/her probability of success.” These characteristics portraying an entrepreneur included risk bearing, source of formal authority, innovation, desire for responsibility, risk taking, moderate risk taker, need for achievement, ambition, desire for independence, drive, technical knowledge, communication ability, autonomy, aggression, power, recognition, need for power, internal locus of control, personal value orientation, self-confidence, goal orientation, creativity, energetic, positive reaction to setbacks, independence oriented, and craftsman oriented. Implicit was that entrepreneurs were male and Anglo-Saxon in ethnicity.

The Carlands’ article is a nice example of how the perception and understanding of who is an entrepreneur, what are entrepreneurial characteristics, and what is entrepreneurship have changed over the course of three decades. Surely the small business owner seeks profitability and growth too. Frankly, the description of small business owners sounds very much like a description of many of today’s entrepreneurs as portrayed by the mass media, which makes an entrepreneur essentially a small business owner as well. The preceding list of characteristics would make almost everyone an entrepreneur. These characteristics can also be found in small business owners or anyone else who is *not* an entrepreneur but who is successful in their professions or careers.

## 1.20 Do Goals Differentiate?

We strongly question the fundamental assumption that the principal goals of an entrepreneurial venture are profitability and growth. We believe these may result from doing something else well and these are consequences of those goals being achieved. For some, wealth may be the primary goal, but not always. If wealth is the only goal, one is reminded of the response of the famous Jesse James of the Wild West of the United States in the 1800s when asked why he robbed banks, his answer being “that is where the money is.” We are not suggesting that bank robbery is

entrepreneurial, but one can certainly think of it being easier than starting a company and waiting years for revenue or profits to arrive.

If profitability is the goal, this would leave quite a few firms considered entrepreneurial outside the category of entrepreneurial. Most Kirznerian entrepreneurs would be defined as small business owners. If we are to take these definitions and apply them into today's world, we will have problems in defining Jack Dorsey, founder of Twitter as entrepreneurial (although many would certainly view him as one—and a successful one). Consider this quote from an article in *Newsweek*, October 20, 2008:

. . . consider that Twitter, a “micro-blogging” site launched in 2006, earlier this year raised a reported \$15 million in venture funding at an undisclosed valuation—even though the company hasn't made a dime so far and its managers aren't trying to. “We're pre-revenue. We're focused on growth.”

Yet, we know that when this founder sold off Twitter, he became a billionaire. The goal was not apparently *firm* profitability, but to drive up valuation so that the owner could exit and create his own wealth, that is, personal profitability. Perhaps this is a legal form of bank robbery.

It should be obvious at this point that it is no easy exercise to define entrepreneurship or define an entrepreneur. It should also be clear that we highly question the requirement of economic wealth creation as the primary goal. For example, Johannisson (2005) has seen the entrepreneur as *existentially* motivated. That is, entrepreneurship is seen as a way of life, involving total commitment by the individual. Perhaps that would explain those entrepreneurs who start seven business ventures in a lifetime. This to our minds points at other possible goals and desires that are involved in entrepreneurship, as we pointed out in Carsrud and Brännback (2011). In other words, goals serve as an important part of entrepreneurial motivation.

### ***1.20.1 A Mini-Case Example***

For example of a motivated entrepreneur, let us look at one arts and social entrepreneur in Florida we know well, Patrick Dupre Quigley.

Patrick was trained as a classical musician at Notre Dame University and later at Yale University. He has worked closely with

Michael Tilson Thomas the famous conductor. Interestingly, he also had worked at various marketing and public relations firms while in school and knew that there had to be a different way to make classical music accessible. He had a clear goal: to create a sustainable classical music group in the South Florida market. Miami, despite having a new and magnificent concert hall and state-of-the-art opera/ballet house, had seen many of its classical music groups struggle and/or fail like the Florida Philharmonic.

It became obvious to Patrick that the cost of such organizations including those of full-time musicians could not be maintained with the traditional model of concert revenues and donations. He also realized that younger audiences were not going to sit through classical concerts that were much over ninety minutes in length. He also knew that there were many excellent free-lance musicians, especially singers, who he could bring in, pay them well for a given concert series and once the concert series was over they would return to their homes or go to their next *gig*. The result of his efforts has been one of the few profitable non-profit arts organizations in Florida, Seraphic Fire and its related orchestra ([www.SeraphicFire.org](http://www.SeraphicFire.org)).

We see this example as one where have a clear goal can motivate an entrepreneur, in this case a social entrepreneur in the arts arena. The point is that Patrick saw a need and had a goal to address that need. The result has been pure joy for those of us who have attended his concerts, or bought the CDs, or downloaded the music his groups have performed.

## 1.21 Opportunity and the Entrepreneur

What most of researchers would agree upon is that regardless of what drives an individual, or regardless of what form entrepreneurship takes, there is a fundamental requirement for an opportunity to exist even if the entrepreneur is doing a business out of necessity. A person intending to become an entrepreneur has to somehow perceive that an opportunity exists. Whether that opportunity is viable as a basis for venture creation is a different issue entirely. Usually, the person who sees an opportunity thinks it is a good one. To reflect this reality, we have for years used a definition of entrepreneurship, which was originally offered by two

Harvard Business School colleagues, Stevenson and Jarillo (1990) that we find most appropriate. This definition also is useful for necessity entrepreneurs (who are forced to find an opportunity). What is more important is that it allows for both Kirzner's and Schumpeter's entrepreneurs to exist. This definition was originally:

Entrepreneurship is the process by which individuals—either on their own or inside organizations—pursue opportunities without regard to the resources currently control.

While this may not be a great operational definition for scientific research purposes, it allows us to cast a board net over who are entrepreneurs. It allows one to see how stories about entrepreneurs reflect this definition in both new firms, existing family firms, and even in large, multinational corporations.

## 1.22 Exercises

**1.22.1** Look at the following list of names. Who are these individual? What do you know about them? What companies did these start? When? Which are family firms? Still run by the family? Who saw themselves as social entrepreneurs? Which are now owned by large MNCs? Did they have their IPOs? What are their brands?

Jeff Besoz

Chaja Rubinstein (aka Princess Gourielli)

Michael Dell

Cher Wang

Sergey Brin

Don Facundo Bacardi-Masso

Larry Page

Kiichiro Toyoda

Diane Halfin von Fürstenberg Diller

Alfred Sloan

Jacques Defforey and Marcel Fournier

J. K. Rowling

John W. Nordstrom

Arianna Huffington

Jaime Torres

Yang Lan

Erlin Persson

Elon Musk

Dave Thomas

Sara Blakely

**1.22.2** Read the article: Carland, J. W., Hoy, F., Boulton, W. R., Carland, J. C. 1984. Differentiating entrepreneurs from small business owners: A conceptualization. *Academy of Management Review*, 9(2): 354–359. How have the views changed over 30 years? Are these conceptualizations still valid in today’s business context? Justify your response with real business examples.

## 1.23 Advanced Exercises

**1.23.1** Read the following books and articles. Based on your reading, discuss in class the discovery and creation of opportunity. What are the differences? Think of entrepreneurs whom you know personally. How did they discover or create their opportunity? Did they prepare a business plan or did they have a plan “in mind,” which was not written formally. Did they have to revise the plan, how many times, and what were the reasons for revision. Did they consider the possibility of failure? Was there something in the process of creating the firm that they had overlooked? What was the biggest surprise? These articles are not in alphabetical order but in the intended reading order.

1. Shane, S., and S. Venkataraman. 2000. The promise of entrepreneurship as a field of research. *Academy of Management Review* 25:217–226.
2. Shane, S. 2000. Prior knowledge and the discovery of entrepreneurial opportunities. *Organization Science* 11(4): 448–470.
3. Sarasvathy, S. D. 2001. Causation and effectuation: Toward a theoretical shift from economic inevitability to entrepreneurial contingency. *Academy of Management Review* 26(2): 243–263.

4. Eckhardt, J. T., and S. A. Shane. 2003. Opportunities and entrepreneurship. *Journal of Management* 29(3): 333–349.
5. Alvarez, S. A., and J. B. Barney. 2007. Discovery and creation: Alternative theories of entrepreneurial action. *Strategic Entrepreneurship Journal* 1:11–26.
6. Shane, S. 2012. Reflections on the 2010 decade award: Delivering on the promise of entrepreneurship as a field of research. *Academy of Management Review* 37:10–20.
7. Venkataraman, S., S. D. Sarasvathy, N. Dew, and W. R. Forster. 2012. Reflections on the 2010 decade award: Whither the promise? Moving forward with entrepreneurship as a science of the artificial. *Academy of Management Review* 37:21–33.
8. Alvarez, S. A., and J. B. Barney. 2013. Forming and exploiting opportunities: The implications of discovery and creation processes for entrepreneurial and organizational research. *Organization Science* 24:301–317.
9. Alvarez, S. A., and J. B. Barney. 2013. Epistemology, opportunities, and entrepreneurship: Comments on Venkataraman et al. (2012) and Shane (2012). *Academy of Management Review* 38:154–157.

## References

- Alvarez, S. A., and J. B. Barney. 2013. Forming and exploiting opportunities: The implications of discovery and creation processes for entrepreneurial and organizational research. *Organization Science*, 24:301–317.
- Birch, D. 1987. *Job creation in America: How our smallest companies put the most people to work*. New York: Free Press.
- Brännback, M., and A. Carsrud. 2009. Cognitive maps in entrepreneurship: Researching sense making and action. In A. Carsrud and M. Brännback (eds.), *Understanding the Entrepreneurial Mind: Opening the black box*. Springer: Heidelberg, 75–96.
- Brännback, M., A. L. Carsrud, and N. Kiviluoto. 2014. *Understanding the myth of high growth firms: The theory of the greater fool*. New York: Springer.
- Cantillon, R. 1755/1931. *Essai sur la nature du commerce en général*. London: MacMillan.
- Carland, J. W., F. Hoy, W. R. Boulton, and J. A. C. Carland. 1984. Differentiating entrepreneurs from small business owners: A conceptualization. *Academy of Management Review*, 9(2): 351–359.

- Carsrud, A., and M. Brännback, eds. 2009. *Understanding the entrepreneurial mind: Opening the black box*. Heidelberg: Springer.
- Carsrud, A., and M. Brännback. 2011. Reflections on twenty years of research on entrepreneurial motivation: Have we learned anything at all? *Journal of Small Business Management*, 49(1): 9–26.
- Dunkelberg, W. C., and A. C. Cooper. 1982. Entrepreneurial typologies. In K. Vesper (ed.) *Frontiers of entrepreneurship research*. Wellesley, MA: Babson College, 1–15.
- Gartner, W. B. 1988. “Who is an entrepreneur?” is the wrong question. *American Journal of Small Business*, 12(4): 11–32.
- Hoselitz B. F. 1951. The early history of entrepreneurial theory. *Explorations in Entrepreneurial History III*, 3(4): 193–220.
- Johannisson, B. 2005. *Entreprenörskapets väsen (The essence of entrepreneurship)*. Lund, Sweden: Studentlitteratur.
- Kirzner, I. M. 1973. *Competition and entrepreneurship*. Chicago: University of Chicago Press.
- Knight, F. H. 1921. *Risk, uncertainty, and profit*. Boston: Houghton Mifflin.
- Koehn, N. F. 2001. *Brand new: How entrepreneurs earned consumers’ trust from Wedgwood to Dell*.
- Landström, H. 2005. *Pioneers in entrepreneurship and small business research*. Springer, Berlin: Springer.
- Mill, J. S. 1848. Principles of political economy with some of their applications to social philosophy. In J. A. Schumpeter (ed.), *History of economic analysis*. New York: Oxford University Press, 1954.
- Mises, L. von. 1951. *Planning for freedom*. South Holland, IL: Libertarian Press.
- Saxenian, A. 1994. *Regional advantage*. Cambridge: Harvard University Press.
- Say, J-B. 1803/2001. *A treatise on political economy*. New Brunswick, NJ: Transaction Publishers.
- Schumpeter, J. 1934. *The theory of economic development*. Boston: Harvard University Press.
- Stevenson, H. H., and J. C. Jarillo. 1990. A paradigm of entrepreneurship: Entrepreneurial management. *Strategic Management Journal*, 11(5): 17–27.
- Venkataraman, S. 1997. The distinctive domain of entrepreneurship research. In J. Katz, (ed.), *Advances in entrepreneurship, firm emergence, and growth*, vol. 3. Greenwich, CT: JAI Press, 119–138.

*This page intentionally left blank*

# Index

---

## A

Abbey, Edward, 201  
accelerators, 11–12  
advanced development stage,  
  product development model,  
  118–120  
  prototyping, 118  
advertising, 106–107, 131  
  TV, 131  
  “word of mouth,” 106  
  “word of web,” 106–107  
alliances, 119  
Amazon, 122  
Amgen, 121  
angel investors, 193  
Angelou, Maya, 85  
*Angry Birds*, 59–60  
Apple, 1, 3, 59, 64, 108, 109,  
  114–115, 121, 123, 141, 147,  
  175, 215, 217  
Arabia, 4  
Archimedes, 44  
Arden, Elizabeth, 3  
asset-based lenders, 192  
attention, 63  
attitudes, 65  
  entrepreneurs, 14–16, 20

Austin, 23

available market, 87, 89.

*See also* marketing

awareness, success and, 43

## B

Babineaux, Danny, 23, 101

  paintings of, 24

baby products, 132–133

backward integration, 203

bankability, investors and, 186–194

  angel investors, 193

  banks, 192

  capital, 189–191

  debt financing, 191

  venture capital, 192–193

  venture’s money search,  
  193–194

Ban Ki-moon, 211

*Bank of America*, 67

Bank of Italy, 67

banks, 192

“barbie,” 3

B2B (Business to Business)

  approach, 94–95

B2C (Business to Consumer)

  approach, 94–95

Beatles, 23  
bed and breakfast (B&B), as  
  case example, 51–54, 57, 66  
Beech, Olive Ann, 3  
Bergdorf Goodman, 133  
Berger and Berger, 156–157  
Berkshire Hathaway, 5  
Besmertnik, Seth, 42  
“big money” approach, 169  
Bionic, 42  
biotechnology entrepreneurs, 21  
biotechnology firms, innovation  
  at, 126–127  
Birch, David, 7  
  on attitudes toward life and  
  opportunities, 18–19  
  entrepreneurship and firm  
  growth, 7, 9–11, 207, 209  
  follow-up study, 7–8  
  national innovation systems  
  and, 10  
  on small firms, 7, 9–11, 25  
Black Friday sales, 128  
blogs, 101–102, 106–107  
BMW, 108, 154  
Body Shop cosmetics, 4  
Boon, Inc., 133  
bootstrap financing, 194–196  
  advantages, 195–196  
bootstrapping, 175  
brainstorming, 66, 74  
branding, 107–109  
  defined, 108  
brands, 3, 108  
break-even analysis, 178–179,  
  242  
break-even point, 178

Buffett, Warren, 5  
Bushnell, Nolan, 179  
Business concept model, 58.  
  *See also* viable business  
  concept  
    creativity and, 65–66, 71–72  
    revenue component, 76  
business growth, 201–206.  
  *See also* growth  
    mini-case example, by  
    replication, 204–206  
    strategy, 202–203  
    success and, 203–204  
business model, 134, 172–173  
  innovation, 122–123  
business plan, 225. *See also*  
  plan(s)/planning  
    about competition, 237–238  
    detail content, 232–242  
    executive summary, 233–235  
    financial plan, 240–242  
    general comments, 242  
    management and organiza-  
    tional plan, 238–240  
    marketing plan, 235–237  
    writing, 226–227, 232  
Business to Business (B2B)  
  approach, 94–95  
Business to Consumer (B2C)  
  approach, 94–95  
buster, 4  
buyer utility, 134  
buy-sell agreement, 148

## C

capital, 169, 189–191  
  sources, 190

- capitalist, entrepreneur as, 17.  
*See also* entrepreneur(s)
- capitalist societies, entrepreneurship association with, 16
- cash flow, 215  
 break-even analysis, 178–179  
 conservative, 174  
 management, 175  
 needs, 175–177  
 negative, 126  
 numerical scorecard, 174–175  
 positive, 126  
 sensitivity analysis, 178–179  
 timing and, 177–179
- Casper Mattress, 78–79, 100, 122, 173
- cell phone, 131
- cell phone apps, marketing strategies, 100–101
- census data, 117
- Chanel, Coco, 3
- change, industrial  
 as opportunity for innovation, 130–132
- Chinese Glove problem, 88
- Chocolate pralines (case study), 243–245
- Christie, Agatha, 43
- closed innovation, 114
- Coca-Cola, 85, 109, 138
- collective dreams, 6
- commercialization, innovation and, 125
- community decision, for entrepreneurship, 20
- compact disk (CD), 127
- compensation system, 156–158
- competition  
 business plan about, 237–238  
 growth and, 216–218
- competitive advantages  
 product/service innovation, 121
- Comstock, Beth, 101–102
- concept, ideas and, 65–68  
 development, 78–79  
 exercise to describe (case example), 82–83  
 feasibility worksheet exercise, 80–82  
 for profitability and growth, 75–78  
 viable business concept, 65–66, 71–72, 76–77
- conceptual event, 66–67  
 case example of, 67–68
- Concha y Toro, Don Melchor de Santiago, 3
- conductor, 42
- conscious capitalism, 42
- conservative cash flows, 174
- constant contact, 100
- consumer electronics show, 10
- consumers, 132. *See also* customers
- contract research organizations (CRO), 121
- copycats, 124
- copyrights, 138
- corporate entrepreneurship, 10
- corporate veil, 163–164
- Costco, 143
- Costner, Kevin, 86, 125
- counter trends, as concept sources, 72–74

Covey, Stephen, 149  
creativity, 63  
    aspect of, 65  
    defined, 64  
    passion and, 64, 74  
    role in idea generation, 63–65  
    Steve Jobs quote, 64  
    and viable business concept,  
    65–66, 71–72  
credit cards, 102–103, 241  
credit-carrying capacity, of firm,  
192  
CRO (contract research  
organizations), 121  
crowd funding, 196–198  
    equity-based, 197  
    reward-based, 197  
Csikszentmihalyi, Mihaly, 65  
Cuban surrealist art, 129  
culture, failure and, 39  
curiosity, 63  
customers, 58. *See also*  
    marketing  
    information about, market  
    research and, 94–95  
    overshot, 132  
    role of, 85–86

## D

da Vinci, Leonardo, 43, 74  
“day dreaming,” 3  
*death of a salesman*, 102  
debt financing, 191  
decision-making, new  
    employees hiring, 151–153  
definitional issues, of  
    entrepreneurship, 20–22

Dell, Michael, 4  
demand  
    market, 87, 89–90  
    opportunity and, 60–61  
    for products/services, 85  
    sources of, 60–61, 66  
desires, 59, 60. *See also* fears;  
    needs  
    idea generation and  
    *examples*, 61–62  
    *identification*, 59–61  
detailed assessment, product  
    development, 116–118  
Detroit Auto Show, 10  
development, 126. *See also*  
    product/service innovation  
digital trends  
Dimon, Jamie, 204  
direct financial rewards,  
157  
discounted expected value,  
    firm’s, 215  
Disney, Walt, 41  
door-to-door salesman,  
102  
Dorsey, Jack, 27  
dot.com era, 100, 130  
dreams  
    collective, 6  
    entrepreneurial, 68–70  
    *outcomes of*, 2–3  
    Freud on, 2  
    as part of inventions, 6  
Drucker, Peter, 58, 76, 212,  
225, 229  
Dun and Bradstreet (D&B), 7  
Durant, Billy, 4

## E

- eBay, 122, 128, 129
- e-businesses, 195
- e-commerce, 128–130
- economic development, of regions (Birch's study), 9–10
- economic wealth creation, 46.  
*See also* wealth creation
- Economist*, 1
- economy, 51
- economy, informal, 163
- Edison, Thomas Alva, 2, 6, 41, 70, 216
- education, marketing approach and, 104
- Einstein, Albert, 43, 66, 70, 123
- Eisenhower, Dwight D., 223
- electric car, 127
- electricity, invention of, 6
- Eliot, T.S., 123
- e-mail, 100, 105, 153
- employees, hiring new, 146–151
  - big errors, 147–148
  - buy-sell agreement, 148
  - case example, 150–151
  - characteristics of good, 148–150
  - decision-making about, 151–153
  - firing and, 152–153
  - rejection and, 152
- employees/employment
  - growth in number of, 209–211
  - self-motivated, 149–150
- employee stock ownership plans (ESOPs), 191
- endangered elephants (Babineaux's painting), 24
- entertainment, 60
- entrepreneurial management, 165–166
- entrepreneurial mindset, 3
- entrepreneurial team, 142–144
- entrepreneurial team structure, 158–162
  - informal structure, 161–162
  - line form, 159–160
  - project approach, 161
- entrepreneurial venture, 25
- entrepreneur(s), 1–2.  
*See also specific entries*
  - biographies, 3
  - as capitalist, 17
  - characteristics, 14, 26
  - copycats, 124
  - defined(ing), 13, 16–17, 25
  - as dreamer, 68–70
  - failed, 19
  - identifying, 12–13
  - incubators and accelerators, 11–12
  - made or born, 12
  - marketing approaches, 94
  - mindset and attitudes, 14–16
  - myths and stories, 1–2, 8
  - national innovation systems for, 10–12
  - necessity, 12–13, 20, 21, 29
  - opportunistic, 12–13
  - opportunity and, 28–29
  - as opportunity creator/innovator, 17
  - overconfidence, 243
  - personality factors, 13–14

**entrepreneur(s) (*Continued*)**

planning, 230–231

self-employed, 22–25

self-made billionaires, 3

success defined by, 41–42

successful, 3, 4

vs. inventors, 113–114

women, 3

**entrepreneurship, 1–29**

Birch's study, 7

Capitalist societies and, 16

challenging assumptions, 7–9

collective dreams, 6

as community decision and activity, 20

corporate, 10

defined(ing), 16–17, 29, 46

definitional issues, 20–22

different goals for different folks, 20

dreams, 68–70

*outcomes of*, 2–3

entrepreneur(s).

(*See* Entrepreneur(s))

environments, 9–10

for everyone, 8–9, 16

false dichotomy, 25–26

and firm growth, 10–11

goals, 19–20

*for different folks*, 20

*differentiation*, 26–28

*wealth creation*, 19

importance of, 6–7

incubators and accelerators, 11–12

innovation and, 123–124

meaning, 6

myths about, 8

narrative, 4–5

national innovation systems, 10–12

for national wealth creation, 16

opportunity recognition, 17–19

overview, 1

for personal reasons, 20

success and

*perceptions*, 40–42

*researchers perspective*, 42–43

successful, 3, 4

technology, 9

**entrepreneurship researchers**

success defined by, 42–43

**environmental risks, stage-gate model of product development and, 118**

**environments, entrepreneurship, 9–10**

**equity-based funding, 197**

**Ericsson, 218**

**error(s), hiring, 147–148**

**ethical risks, stage-gate model of product development and, 118**

**ethnographic observation, 96**

**Etsy, 128**

**“eureka,” 44**

**European Union (EU), 8**

**executive summary content, business plan, 233–235**

**existing consumers, 132**

**F**

**Facebook, 1, 3, 47, 73, 76, 98, 99–100, 102, 104, 153**

advertising and, 106–107

- failure, 19. See also success**  
 culture and, 39  
 defined(ing), 37–39  
 entrepreneurial context, 40–41  
 as information, 38–39  
 as learning experience, 38, 39  
 measurement issues, 39–40  
 process, 38  
 vs. success, 40
- family council, 163**
- family firm/business, 154–156**  
 conceptualization, 154  
 goals, impact on hiring, 155  
 hiring of family members,  
 long-term impact, 156  
 overview, 154–155
- fears. See also desires; Needs**  
 idea generation and  
*examples, 61–62*  
*identification, 59–61*  
 insurance business and, 60
- feasibility analysis, 80–82**  
 worksheet exercise, 80–82
- FedEx, 173**
- field of dreams, 86**
- ‘57 Varieties’, 5**
- 50 Shades of Grey, 60**
- finance, entrepreneurial, 169–198**  
 bootstrap financing, 194–196  
*advantages, 195–196*  
 cash flow, 174–175  
 cash-flow needs, 175–177  
 crowd funding, 196–198  
 investors, finding, 182–186  
 investors and bankability,  
 186–194  
*angel investors, 193*  
*banks, 192*  
*capital, 189–191*  
*debt financing, 191*  
*venture capital, 192–193*  
*venture’s money search,*  
**193–194**
- IPO, 171–172**
- money**  
*finding, 182–186*  
*myths, 185–186*  
*sources, 183–185*  
*types/forms, 179–182*
- overview, 169–170**
- strategy development, 170–182**
- sustainable revenue model,**  
 172–174
- timing and cash flow, 177–179**
- venture capital, 171–172**
- financial plan, 240–242**
- financial rewards**  
 direct, 157  
 indirect, 157
- Financial Times, 1**
- FINELL, 133**
- Finell, Rebecca, 132–133**
- Finland, case example from**  
 growth, length of time and,  
 213–214  
 successful venture from,  
 33–36, 34f
- firing, employee, 152–153**
- firm founders.**  
*See also entrepreneur(s);*  
**entrepreneurship**  
 success defined by, 41–42
- firm(s), 7. See also specific entries**  
 Birch’s study, 7  
 growth, entrepreneurship and,  
 10–11

- firm value, growth in, 214–216
  - first to market acceptance, 75
  - first-to-the-market, 75
  - Fischer, Francis, 219
  - Fiskars, 4, 5
  - FISKARS scissors, 4
  - fixed costs (FC), 178
  - flexibility, 65
  - focus innovation, 121–123
  - Ford, Henry, 2, 4, 5, 66, 103, 119, 121, 127
  - Ford Motor Company, 5, 108, 109, 114
  - forward integration, 203
  - 4 Ps, of marketing, 90
  - Franchises, 79–80
    - risk-related to, 80
  - franchisor, 79
  - Franklin, Benjamin, 170, 208, 223
  - freelance graphic designer, 22
  - Freud, Sigmund, 2
  - Frog Pod, 132
  - Fromm, Erich, 63
  - Fundamentals in Successful Entrepreneurship*, 33
  - funding. *See also* money
    - crowd, 196–198
    - equity-based, 197
    - reward-based, 197
- G**
- Gandhi, Mahatma, 86
  - Garson, Greer, 169
  - Gartner, William, 13
  - Geisel, Theodor Seuss (*Dr. Seuss*), 41
  - Genentech, 121
  - General Electric (GE), 6, 66
  - General Motors, 4
  - Gerber, 4
  - Giannini, Amadeo Pietro, 67–68
  - Global Entrepreneurship Monitor* (GEM), 12
  - Global Entrepreneurship Monitor Consortium, 208
  - goal(s)
    - entrepreneurial, 19–20
      - for different folks*, 20
      - differentiation*, 26–28
      - growth*, 25, 26, 27
      - profitability*, 26, 27
      - success and*, 45–46
      - wealth creation*, 19
    - long-term, 45
    - near-term objectives, 45
  - Godin, Seth, 87
  - “Golden Rule,” 152
  - Goldin, Kara, 42
  - Google, 9, 72, 92, 95, 104, 117
  - Grameen Bank, 8, 68
  - Great Depression, 68
  - Great Recession, 13, 92, 151, 187
  - Gross, Bill, 41
  - growth, 21. *See also* product/service innovation; success
    - Birch’s study, 7, 9, 10–11, 207, 209
    - business, 201–206
      - mini-case example, by replication*, 204–206
      - strategy*, 202–203
      - success and*, 203–204
    - competition and, 216–218

concept design for, 75–78  
    *viable business concept*, 76–77  
describing *vs.* defining,  
    206–216  
economic perspective, 206–207  
as entrepreneurial goal, 25,  
    26, 27  
in firm value, 214–216  
high, 208  
intensive plans of, 202  
as metamorphosis, 218–221  
in new venture, 207  
in number of employees,  
    209–211  
performance and, 207  
problem related to, 207–208  
profit, 212  
rapid, 208  
in revenues, 212  
sales, 212  
in terms of length of time,  
    213–216  
unprofitable high growth  
    strategy, 215  
of venture, 201  
**G4 Spatial Technologies**, 220

## H

H. J. Heinz, 5  
Handel, George F., 23  
Handler, Ruth, 3  
hard disk drive industry,  
    changes in, 131–132  
*Harvard Business Review*, 208  
Heineken, Alfred “Freddie,” 21  
Heineken, Gerard Adriaan, 3  
Heineken Brewing, 21

Hewlett, William, 68  
Hewlett-Packard, 68, 186  
high growth firms, 21  
hint water, 42  
hiring, new employees, 146–151  
    big errors, 147–148  
    buy-sell agreement, 148  
    case example, 150–151  
    characteristics of good, 148–150  
    decision-making about,  
        151–153  
    family business goals and, 155  
    of family members, long-term  
        impact, 156  
    firing and, 152–153  
    rejection and, 152  
H&M clothing, 4  
hockey stick, 178  
Hofmann, Hans, 116  
“holacracy,” 150  
hollywood, 2  
    entrepreneurial tales, 2  
Hoselitz, B. F., 6  
Howe, Elias, 2  
Hsieh, Tony, 201  
human resource (HR)  
    consultants, 148

## I

IBM, 38, 153, 217  
idea generation, 58–59, 70–74  
    attention and, 63  
    brainstorming, 74  
    counter trends and, 72–74  
    creativity, role of, 63–65  
    curiosity and, 63  
    inquisitiveness and, 70

- idea generation** (*Continued*)  
 intuition and, 70, 73  
 needs, wants, and fears  
*examples of*, 61–62  
*identification of*, 59–61  
 for new products/services,  
 62–63  
 “think out of the box,” 62–63  
 trends and, 72–74  
 understanding and, 73  
 viable business concept and  
 business model creation,  
 65–66, 71–72
- Idealab**, 41
- idea(s)**, 57–83. *See also*  
**opportunity(ies)**  
 business concept model,  
 58  
 concept, 65–68  
*development*, 78–79  
*exercise to describe*  
*(case example)*, 82–83  
*feasibility worksheet*  
*exercise*, 80–82  
*for profitability and growth*,  
 75–78  
*viable business concept*,  
 65–66, 71–72, 76–77  
 conceptual event, 65–66,  
 66–67  
*case example of*, 67–68  
 franchises, 79–80  
 generation, *See* Idea  
 generation  
 timing and, 74–75
- Iittala**, 4
- impact, innovation**, 123
- iMusic**, 123
- incubators**, 11–12
- indirect financial rewards**, 157
- industrial changes**. *See also*  
**innovation**  
 as opportunity for innovation,  
 130–132
- informal economy**, 163
- informal structure, entrepre-  
 neurial team**, 161–162
- information, failure and**, 38–39
- information-gathering session**,  
 39
- initial public offering (IPO)**,  
 171–172, 189, 214
- innovation**, 10. *See also* **product/  
 service innovation**  
 biotechnology firms, 126–127  
 business model, 122–123  
 closed, 114  
 commercialization and, 125  
 degrees of newness, 125–127  
 as dimension of entrepreneur-  
 ship, 123–124  
 focus, 121–123  
 impact, 123  
 industrial change as  
 opportunity for, 130–132  
*new models*, 130–132  
 in marketing and distribution  
 (e-commerce), 128–130  
 need for, 123–127  
 open, 114  
 process, 122  
 radical, 123  
 reinventing industrial  
 products, 127–128  
 tourism industry, 129–130  
 types of, 120–123

innovator, 10. *See also*  
entrepreneur(s)  
entrepreneurs as, 17

inquisitiveness, 70

Instagram, 98, 104

insurance sector, marketing  
strategies, 98

integration  
backward, 203  
forward, 203

intensive growth plans, 202

internet, 92  
marketing strategies and, 98,  
99–100  
*cell phone apps*, 100–101  
market research and, 92

internet generation, selling to,  
104–105

intuition, and idea generation,  
70, 73

inventors vs. entrepreneurs,  
113–114

invested money, 181

investors. *See also* money  
angel, 193  
bankability and, 186–194  
*angel investors*, 193  
*banks*, 192  
*capital*, 189–191  
*debt financing*, 191  
*venture capital*, 192–193  
*venture's money search*,  
193–194  
finding, 182–186

iPad, 108, 121

iPhone, 59, 108, 120, 121

iPhone with Siri, 104

IPO (initial public offering),  
171–172, 189

iPod, 108, 121, 123, 218

iPod Touch, 218

Italy (case example of successful  
venture), 51–54

iTunes, 122, 123

iWatch, 59

## J

James, Jesse, 26

James Beard Award, 120

Jarmusch, Jim, 124

Jarvis, Christopher, 194

*job Creation in America*, 7

jobs  
Birch's study, 7  
new business unit and, 7  
during recessions, 8

*jobs*, 1

Jobs, Steve, 3, 4, 114, 141, 147  
on creativity, 64

Johansson, Eva (success story  
of), 33–36

Joss & Main, 100

JP Morgan Chase, 204

## K

Kaiser, Henry, 68

Kamprad, Ingvar, 3

Kane, Bryan, 204–205

Karlsson, Petter (success story  
of), 33–36

Kauffman Foundation of Kansas  
City, 1

Kickstarter, 197  
Kidder, David, 42  
Kirchhoff, Bruce, 7–8  
Kirzner, I. M., 10, 17, 18, 27, 29  
KIVA, 198  
Kroc, Ray, 21  
Kurzius, Dan, 42

## L

labor laws, 144, 145  
labor unions, 144  
Lambie, R. C., 219  
Land, Edwin, 65  
Lao Tzu, 130  
large firms, 7, 57.  
*See also specific entries*  
Lauder, Estée, 3  
learning experience, failure as,  
38, 39. *See also failure*  
legal personhood, 163  
legal structure, entrepreneurial  
organization, 163–165  
legal zoom, 117, 138, 164  
length of time  
    growth in terms of, 213–216  
    planning, 229–230  
Lennon, 23  
Levi's, 128  
Levitt, Arthur, 106  
limited company, 164  
Limited liability companies  
    (LLC), 164  
Lincoln, Abraham, 38  
line structure, for entrepreneur-  
ial teams, 159–160  
LinkedIn, 47, 98

Linux operating system, 119  
Lisbon treaty, 8  
Long Playing records  
    (vinyl records), 127  
long-term goals, 45  
LP-record, 127  
Lucas, George, 64

## M

M&A (merger and acquisition),  
172  
Macy's, 88  
Mailchimp, 42  
management and organizational  
plan, 238–240  
manager(s), 153, 160  
market, 87  
    available, 89  
    defined, 88  
    demand, 89–90  
    information about, need for,  
    86–87  
    potential, 88–89  
    target, 89  
    understanding, 86–87  
marketing, 85–109.  
*See also customers*  
    advertising, 106–107  
    available market, 89  
    branding, 108–109  
    defined, 87  
    education and, 104  
    market demand,  
    89–90  
    overview, 85–86  
    potential market, 88–89  
    price setting, 90–91

- public relations (PR), 107–108
- research, 91–97
  - examples of walking around,* 96–97
  - overview,* 91–92
  - personal,* 92–96
- selling (as challenge), 102–106
  - to Internet generation,* 104–105
  - problems in,* 102–104
  - social media age and,* 105–106
- strategies development, 97–102
  - Internet and,* 99–100
  - Internet and cell phone apps,* 100–101
  - mobile devices,* 99
- target market, 89
- technology changes and, 86
- terminology, 87–88
- marketing plan, 235–237
- mass media, changes in, 131
- Mattel Toys,* 3
- McCartney, 23
- McDonald's, 21, 79
- Mead, Margaret, 132
- measurement issues
  - failure, 39–40
  - success, 39–40
- Mercedes Benz, 108
- Merger and acquisition (M&A), 172
- metamorphosis approach, growth and, 218–221
- mickey mouse,* 41
- Microsoft, 111
- Miller, Arthur, 102
- Miller, John, 219–220
- Miller Blueprint, 219–220
- Miller Imaging and Digital Solutions, 220
- mindset, entrepreneurs, 14–16
- MIT (Massachusetts Institute of Technology), 7
- mobile devices, marketing strategies, 99
- Mona Lisa,* 74
- money. *See also* funding
  - business type and need for, 185–186
  - finding, 182–186. *See also* investors
  - invested, 181
  - myths, 185–186
  - operational funds, 180
  - potential, 181–182
  - real, 182
  - reputational, 198
  - restricted, 180–181
  - smart, 198
  - sources, 183–185
  - sustainable revenue model, 172–174
  - types/forms, 179–182
- moral risks, stage-gate model of product development and, 118
- Moroni, Daniele (success story of), 51–54
- motivational factors, 14
- Mulcahy, Anne M., 216
- Mullfjället, 33–34, 36
- music industry, reinvention of products, 127–128

Musk, Elon, 114, 122, 173  
myth(s), entrepreneurial, 2

## N

NASCAR, 60  
national innovation systems, for  
entrepreneurs, 10–12  
national wealth creation, entre-  
preneurship for, 16, 19  
natural disaster, 67  
near-term objectives, 45  
necessity, 12  
necessity-based firms, 21  
necessity entrepreneurs, 12–13,  
20, 21, 29  
needs. *See also* desires; fears  
idea generation and  
*examples*, 61–62  
*identification*, 59–61  
negative cash flow, 126  
Netflix, 78  
networking  
rules for, 49–50  
success and, 47–50  
new business unit, 7  
newness, degrees of, product/  
service innovation, 125–127  
New Orleans, 22–23  
newspaper industry, 131  
*Newsweek*, 27  
New York Stock Exchange, 155  
*New York Times*, 1, 74, 131  
Nietzsche, Friedrich, 111  
9/11 disaster, 179, 217  
Nokia, 217–218  
NOLO Press, 144–145

non-consumers, behavior of,  
132  
nonemployer business, 22  
nonfinancial reinforcement,  
157

## O

observation, ethnographic, 96  
on-site advertising, 22  
open innovation, 114  
operational funds, 180  
opportunistic entrepreneurs,  
12–13  
opportunity creator, entrepre-  
neurs as, 17–19  
opportunity(ies). *See also* idea(s)  
attention and, 63  
attitudes toward life and  
(Birch's study), 18–19  
curiosity and, 63  
demand and, 60–61  
and entrepreneur, 28–29  
for innovation, industrial  
change and, 130–132  
*new models*, 130–132  
as market imperfections, 17  
success and, 44–45  
opportunity recognition, 17–19  
optimism, success and, 43  
O'Reilly, Tim, 172  
organization, building  
benefits, 156–158  
compensation, 156–158  
entrepreneurial management,  
165–166  
entrepreneurial team  
structure, 158–162

- informal structure*, 161–162
- line form*, 159–160
- project approach*, 161
- family business, 154–156
  - goals, impact on hiring*, 155
  - hiring of family members, long-term impact*, 156
  - overview*, 154–155
- legal structure decisions, 163–165
- new employees, hiring, 146–151
  - big errors*, 147–148
  - buy-sell agreement*, 148
  - case example*, 150–151
  - characteristics of good*, 148–150
  - decision-making about*, 151–153
  - firing*, 152–153
  - rejection*, 152
- new firm governance, 162–163
- overview, 141
- stock options, 156–158
- venture creation, 142–145
  - entrepreneurial team*, 142–144
  - other issues*, 144–145
  - outsourcing*, 145
- Osborne Computer?*, 75
- other people's money (OPM), 188
- outcomes, of entrepreneurial dreams, 2–3
- outsourcing, 121, 145
- overconfidence, 243
- overshot customers, 132

## P

- Packard, David, 68
- Paris Air Show, 10
- partnerships, strategic, 119
- passion, creativity and, 64, 74
- patents, 138
- PayPal, 23, 101, 103, 128
- pay walls, 131
- Penny, James Cash, 206
- Pensar Syd, 33, 34f, 35
- People Express Airlines, 146, 147, 150, 160, 202
- Pepsi, 85, 138
- perceived value, of products/service, 119
- performance
  - growth and, 207
  - planning effect on, 228
- personal anecdotes, market research, 92–96
  - case example, 93
  - customers, information about, 94–95
  - ethnographic observation, 96
  - watching and listening, 94–95
- personality, 65
  - entrepreneurs, 13–14
- personality factors, 14
- personal reasons, for entrepreneurship, 20
- Persson, Erling, 4
- pharmaceutical industry
  - early-stage development, 121
- Philips, Bruce, 7–8
- photoshop* software, 22. *See also* 3D printing

- Picasso, Pablo, 23
- Pinterest, 104
- place, 90
- planned behavior, theory of, 15
- plan(s)/planning, 223–245.  
*See also* business plan  
 business plan, 225  
 by/for entrepreneur, 230–231  
 chocolate pralines (case study), 243–245  
 effect on performance, 228  
 feeling, 227–228  
 general comments, 242  
 length of time, 229–230  
 long-term, 224  
 need for, 225–228  
 overview, 223–225  
 timing, 228–229  
 writing, 226–227
- Poirot, Hercule, 43
- polaroid camera, 65
- Positive cash flow, 126
- potential market, 87, 88–89.  
*See also* marketing
- potential money, 181–182
- preliminary assessment, product development, 116–118
- price/pricing, 58–59, 90  
 role of, 119–120  
 strategic, 134
- price setting, 90–91
- primary marketing data, 95–96
- print media, changes in, 131
- probationary period, 152
- process failure, 38
- process innovation, 122
- product, 90
- product/service innovation, 112–116, 202–203. *See also* growth; innovation  
 case study, 134–137  
 commercialization and, 125  
 competitive advantages, 121  
 degrees of newness, 125–127  
 entrepreneurs vs. inventors, 113–114  
 industrial change as  
 opportunity for, 130–132  
*new models*, 130–132  
 in marketing and distribution (e-commerce), 128–130  
 need for, 123–127  
 outsourcing, 121  
 pricing, role of, 119–120  
 reinventing industrial products, 127–128  
 stage-gate model, 114–120  
*advanced development stage*, 118–120  
*preliminary and detailed assessments*, 116–118  
*using*, 116–120  
 types of, 120–123  
*business model innovation*, 122–123  
*focus innovation*, 121–123  
*innovation impact*, 123  
*process innovation*, 122
- products/services  
 copyrights, 138  
 demand for, 85  
 expensive (examples), 119–120  
 new, idea generation for, 62–63

- new trends for, 132–133
- overview, 112–113
- patents, 138
- perceived value, 119
- pricing, role of, 119–120
- successful, conditions for, 133–134
- trade secrets, 138
- viable, 113

**professional corporation, 164**

**profit**

- defined, 76, 212
- growth in, 212

**profitability**

- concept design for, 75–78
  - viable business concept*, 76–77
- as entrepreneurial goal, 26, 27

**proforma financial statements, 179**

**project structure, entrepreneurial team, 161**

**promotion, 90**

**proprietor, 164**

**prototyping, 118**

**public relations (PR), 107–108, 215**

**public relations (PR) firm, 153**

**public service announcement (PSA), 107**

## Q

**quickbooks, 170**

**Quigley, Patrick Dupre (as case study), 27–28**

## R

**radical innovation, 123**

**rapid growth, 208**

**R&D, 126**

**Reagan, Ronald, 8**

**real money, 182**

**recession, 8**

***regional Advantage: Culture and Competition in Silicon Valley and Route 128*, 9**

**regions, economic development of (Birch's study), 9–10**

**reinvention, industrial products, 127–128**

**rejection(s), 110**

- of applicants/employees, 152

**reputational money, 198**

**research, 126**

- entrepreneurs styles, 14–15
- marketing, 91–97
  - examples of walking around*, 96–97
  - overview*, 91–92
  - personal*, 92–96

**researchers, entrepreneurship**

- success defined by, 42–43

**restricted money, 180–181**

**revenue component, business model, 76**

**revenue model, 76**

- sustainable, 172–174

**revenues, 113, 165**

- growth in, 212

**reward-based funding, 197**

**Rice, Robert A., Jr., 183**

**risks, stage-gate model of product development and, 118**

Robinson, Ken, 114  
Roddick, Anita, 4  
Roddick, Dame Anita, 3  
Rogaška, 5  
*Romeo and Juliet*, 124  
Rörstrand, 4  
Royal Albert, 5  
Royal Copenhagen, 4  
Royal Doulton, 5

## S

salaries, regulation of, 144–145  
sales growth, 212  
Salk, Jonas, 12, 15, 19  
Salk Institute in La Jolla, 12  
Salvatori, Livio (success story of), 51–54  
Schumpeter, J., 6, 17–18, 25, 29  
self-employed entrepreneurs, 22–25. *See also* entrepreneur(s) context for, 22–25  
self-governance, 150  
self-made billionaires, 3. *See also* entrepreneur(s); *specific entries*  
self-motivated employees, 149–150  
selling. *See also* marketing as challenge, 102–106 to internet generation, 104–105 problems in, 102–104 rejections and, 102 social media age and, 105–106  
sensitivity analysis, 178–179  
Seraphic Fire, 28

sewing machine, invention of, 2  
Shakespeare, William, 124  
*Shark Tank*, 11  
side job, 22  
Sisodia, Raj, 42  
small business administration, 188  
Small Business Innovation Research (SBIR) grant program, 191  
small business owner, 25, 27  
small business venture, 25  
small firms, 7, 9, 57. *See also specific entries* Birch's study, 7, 9, 10–11, 25  
smart money, 198  
smart phones, 132  
Smith, Adam, 17  
Snapchat Periscope, 104  
*Snow White*, 67  
social media advertising and, 106–107 marketing strategies, 98, 105–106 selling strategies and, 104–105  
*The Social Network*, 1  
soft launches, 118  
sole trader, 164  
Sol Rouge ([www.solrouge.com](http://www.solrouge.com)), 205  
SpaceX, 173  
spotify, 128, 173  
Squarespace, 106  
Squareup, 103, 128

- stage-gate model, of product development, 114–120**
- advanced development stage, 118–120
  - preliminary and detailed assessments, 116–118
  - risks-associated, 118
  - stages, 115–116
  - using, 116–120
- Stanford Technology Ventures Program, 9**
- Stanley, Francis Edgar, 19**
- Stanley, Freelan Oscar, 19**
- The Stanley Motor Carriage Company, 19**
- Starbucks, 79**
- start some good, 198**
- start-up venture, 157**
- Star Wars* films, 64**
- Stewart, Martha, 3, 4**
- stock options, organization, 156–158**
- Straits Times*, 1**
- strategic partnerships, 119**
- strategic pricing, 134**
- subchapter S corporations, 164**
- Subercaseaux, Emiliana, 3**
- success, 3, 19, 242–245. *See also* failure; growth**
- action-oriented view, 43
  - Archimedes, 44
  - awareness and, 43
  - chocolate pralines (case study), 243–245
  - conceptual model, 244f, 245
  - defined(ing), 4, 37
  - by firm founders*, 41–42
  - measurement issues in*, 39–40
  - in entrepreneurial context, 40–41
  - entrepreneurial goals and, 45–46
  - entrepreneurship researchers perspective, 42–43
  - Finland and Sweden, case example from, 33–36, 34f
  - fun with, 50–51
  - as goal based, 45
  - growth and, 203–204
  - historical perspectives, 44
  - Italy, case example from, 51–54, 53f
  - long-term view of, 42
  - networking and, 47–50
  - opportunity and, 44–45
  - optimism and, 43
  - overview, 4
  - product development and, 115
  - vs.* failure, 40
  - wealth and, 46–47
- successful, defined, 33**
- successful entrepreneur, 37**
- successful intelligence, 43**
- successful products/services, conditions for, 133–134**
- success vs. failure prediction model, 43**
- sustainable revenue model, 172–174**
- Sweden (case example of successful venture), 33–36, 34f**
- Swift, Taylor, 23, 128**
- SXSW (South by Southwest), 10**
- Sydney Morning Herald*, 1**

## T

Takeshi Mitarai, 3  
Tanga, 42  
target market, 87, 89. *See also*  
marketing  
team, entrepreneurial, 142–144  
team structure, entrepreneurial,  
158–162  
    informal structure, 161–162  
    line form, 159–160  
    project approach, 161  
technology changes, impact on  
marketing, 86  
technology entrepreneurs, 21  
technology entrepreneurship, 9  
Tesla, Nikola, 2, 6, 70, 114, 119,  
122, 127  
testing, 118  
Texas longhorns (Babineaux's  
painting), 24f  
Thomas, Michael Tilson, 28  
Thorwöste, Peter, 4  
3D printing, 22  
3G Capital, 5  
timing  
    business idea and, 74–75  
    cash flow and, 177–179  
    length of  
        *growth in terms of*, 213–216  
        *planning*, 229–230  
    plan/planning, 228–229  
tolerance of ambiguity, 65  
tourism industry, innovation at,  
129–130  
trade secrets, 138  
trends

    as concept sources, 72–74  
    new, for products/services,  
    132–133

trip Advisor, 129  
Trojan Family, 48  
turnover, growth in, 212  
tv advertising, 131  
Twitter, 22, 27, 73, 76, 98, 99,  
101, 104  
    advertising and, 106–107  
Tyson, Mike, 224

## U

U.S. Census Bureau, 7, 22, 91  
U.S. Securities and Exchange  
Commission, 106  
U.S. Small Business  
Administration, 7  
understanding, idea generation  
and, 73  
*Understanding the Myth of High  
Growth Firms: The Theory of  
the Greater Fool*, 21  
unpredictability, 65  
unprofitable high growth  
strategy, 215  
USPS, 173

## V

value-added tax (VAT), 165  
van Rijn, Rembrandt  
Harmenszoon, 23  
variable costs (VC), 178  
venture capital (VC), 171–172,  
189, 192–193, 203

venture creation, 142–145  
    entrepreneurial team, 142–144  
    other issues, 144–145  
    outsourcing, 145  
    start-up team, 142  
venture's money search, 193–194  
viable business concept. *See also*  
    business concept model  
    creativity and, 65–66, 71–72  
    designing, 76–77  
VIE ([www.viewinery.com](http://www.viewinery.com)), 205  
von Goethe, Johann Wolfgang,  
    142, 146

## W

Wagner, Richard, 23  
Walker, Madam C. J., 2, 3  
walking-around market re-  
    search, 95–96  
    examples, 96–97  
Wal-Mart, 88, 121, 133, 143, 154  
Walt Disney, 67  
wants/desires. *See also* fears;  
    needs  
    identification, idea generation  
    and, 59–61  
Warby Parker, 78, 173  
Warhol, Andy, 23  
Warren Buffett effect, 198  
Waterford Crystal, 5  
Watson, Thomas, Jr., 38, 153  
Wayfair, 100  
wealth  
    defined, 46  
    economic, 46–47  
    success and, 46–47

wealth creation  
    economic, 46  
    as entrepreneurial goal, 16,  
    19, 26  
websites, 101  
Wedgwood, Josiah, 4, 5  
Wedgwood china, 4, 5  
Wedgwood pottery, 5  
Welsh, Jack, 217  
*West Side Story*, 124  
Wiebe, Richard, 129  
WiFi technology, 131, 173  
Wikipedia, 72–73  
Winfrey, Oprah, 3, 4, 97  
women entrepreneurs, 3.  
    *See also* entrepreneur(s)  
women's World Banking, 8  
word-of-mouth advertising,  
    106  
    power of, 118  
word-of-web advertising,  
    106–107  
    power of, 118  
World Bank, 198  
World Wide Web, 129  
would-be entrepreneur,  
    2, 68–69, 169. *See also*  
    entrepreneur(s)  
    exercise for, 68–69  
    information resources for, 95  
WWRD group, 5  
[www.booking.com](http://www.booking.com), 129

## X

Xerox Corporation, 216  
*X Game*, 201

## Y

Young, Jeremy, 42

YouTube, 22, 104

Yo-Yo Ma, 64, 74

Yunus, Muhammad, Dr., 8, 68

## Z

Zappos.com, 149–150, 158, 201

Zuckerberg, Mark, 3, 4