



Entrepreneurship

Lecture 2: The Entrepreneurial Mindset

Lecture Outline

- Entrepreneurship defined
- The traits of an entrepreneur...
 - Based on Jeff Bezos, the founder of the online bookstore, Amazon.com
- Brief profiles of entrepreneurs
- Group assignment
- Personal assignment



What is entrepreneurship?

- The process of creating a business enterprise capable of:

Entering new or established markets by deploying resources and people in a **unique way**



Who is an entrepreneur?

- A person who creates and manages change by the **recognition of opportunities** (needs, wants, problems, and challenges)
 - and manages resources
- ...in order to take advantage of the opportunity and create a venture.



The entrepreneurial mindset

- An entrepreneur views needs, problems and challenges as **opportunities**.
- An entrepreneur comes up with innovative ways to deal with challenges/problems.
- An entrepreneur realizes that he/she is in the business of **creating value**.
- An entrepreneur thinks/learns ahead and consolidates opportunities before they become obvious.
- An entrepreneur is a **visionary** and a **leader**



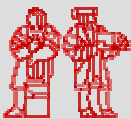
Sees needs as opportunities

- An entrepreneur sees the problems/needs around her and sees opportunities to make profits or create value.
- Needs and problems are a blessing to the entrepreneur!
- Example
 - Your thirst is Coca-Cola's opportunity to sell you Coke



Coca-Cola Advertisement

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Innovative ways to solve problems

- An entrepreneur is a skilled problem solver and uses the resources around him to solve problems.
- Example
 - Jeff Bezos, the founder of Amazon.com solved a problem for people who have used books but don't know what to do with them. He created a website that allowed such people to meet online and sell used books to each other and in the process created a billion dollar company.



Jeff Bezos, Founder of Amazon.com

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Entrepreneurs create value

Entrepreneurs create value to society by:

- Increasing the number of customers served by a product/service
- Reducing the costs of a business
- Improving on the quality of products and services
- Inventing a new product or service!



How Amazon.com creates value

- Because it can be accessed online, anyone with internet access can use it
- After initial success with book swapping it began providing more services to members by selling new books, movies, electronics, etc.
- It has continually improved its website to make it as customer friendly as possible



Amazon.com vs. a Bookstore

- Amazon.com is online and open 24/7.
- Anyone who has access to the internet and a credit card is a potential customer.
- Amazon has automated customer handling processes – needs less employees and therefore has lower costs
- Amazon has millions of book titles and you can find any book you'd want from them



A forward thinker

- Before opportunities become obvious, an entrepreneur quickly moves in and consolidates his position:
- In 1994, Jeff Bezos read that the web was growing at a rate of 2,300% a year.
- He quit his job on Wall Street and started looking for a way he could benefit from the phenomenal growth
- Decided to sell books online since he noted that there were 3 million books in print in the world and there was a need to be able to organize them, search them and sell them electronically.
- He realized that it was only a matter of time before the internet spread world wide and knew he had to take a chance immediately



A Can-Do attitude

- An entrepreneur is a visionary, an optimist, a strategist, confident and very hard working.
- He/She is willing to go where others have not been and will not give up on his/her dream when others say it can't be done.
- If an entrepreneur can't win the game he will change the rules of the game to come up with a new solution to a problem!
- He/She is challenged by the words- "It can't be done."



A visionary and a leader

- Entrepreneurs lead and others follow.
- In the process they generate value for themselves and others.
- Amazon.com has created value for the millions of customers since it makes it easy for them to find books they need from the comfort of their home
- It has also helped authors sell their books
- In the process, Jeff becomes \$4.8 Billion richer. This is equivalent to 365 Billion Ksh!



Entrepreneurs as leaders (TIE)

- Entrepreneurship is the **ONLY** source of new wealth and new productive jobs in society.
- It only takes a small part of the population, 1-2%, to become successful entrepreneurs in order to pull the whole society along.
- Throughout history, countries that have nurtured entrepreneurial culture have been the most successful and dynamic.
- Entrepreneurs are at the heart of success of modern economies.
- Society must encourage and reward entrepreneurial activities

Source: TIE: The Indus Entrepreneurs



Entrepreneurs are risk takers

- Successful entrepreneurs are not afraid of failure.
- They acknowledge failure but prepare for it.
- However, if they fail they can quickly learn from their mistakes and try again!
- Jeff Bezos quit his well-paying job in order to found Amazon.com without any guarantees of success.



Entrepreneurs as visionaries

- Jeff Bezos reads about the huge growth rate of the web.
- He makes a list of 20 commodities that he could sell on the net
- Settles on books since there is a large market that can be made easier to access and can be greatly improved upon
- As the business grows, he expands the market by selling CDs and DVDs
- Eventually he adds toys, clothes etc.
- Amazon now has 39 million customers



Michael Dell - Computers

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- **Founded the largest PC maker in the world out of his college dormitory.**
- **Built a personal wealth of more than \$20 Billion US and inspired millions of entrepreneurs.**
- **At age 15, he tore up a computer and put it back together**
- **Started selling computer parts to his friends and then grew the business**



P. Diddy – Entertainment etc.

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- After a successful music career ventured into many businesses using his celebrity status as a resource
- **Interests:**
 - Sean-John Clothing Company
 - Bad Boy Productions
 - Restaurants
 - Studios
- Very creative and versatile entrepreneur who has managed to create a huge net worth and is active in his community



Kase Lawal – Oil industry

- **Nigerian-American entrepreneur in the Oil and Gas exploration industry**
- **Camac Holdings has revenues of more than \$1 billion per year**

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Oprah Winfrey – Harpo Productions

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- **Talk-Show host of the Oprah Winfrey show**
- **O-Magazine**
- **Oxygen Media**
- **Personal value of more than \$1 billion dollars**
- **She's turned the business of counseling into major business**



Warren Buffett - Investor

- **Warren Buffett is the World's Greatest Investor**
- **He is Chairman and CEO of Berkshire Hathaway, an investment company which buys businesses and then increases their value**
- **Buffett is the second richest man in the world with a net worth of over \$40billion US,**
- **He has built his empire slowly but steadily using time-tested investment principles**

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Group Assignment

- Identify a successful entrepreneur.
- How did the entrepreneur create value?
- How did the entrepreneur use the resources around her/him to satisfy needs or solve problems?

Present to the class!



Personal Assignment

- Write a one page article about something you dislike in your everyday life and find, as an entrepreneur, an innovative way to fix it
- Process:
 - Find a **need**
 - Identify an **opportunity**
 - Take advantage of **resources**



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