Overview of Entrepreneurship

Definition

- Entrepreneurship is creating and building something of value from practically nothing (Timmons 1994: 7)
- It is a human creative act

Definition (cont.)

- Involves the definition, creation, and distribution of value to individuals, organizations and society
- It is about building long-term value and cash flow
- It requires vision, passion, commitment, and motivation

The Good News

- Over 1,000,000 enterprises were launched in 1991
- In the early 1990's, small businesses accounted for almost 70% of all new jobs
- Since the 1940’s, 50% of all innovations and 95% of radical innovations have come from new and small firms
**Good (cont)**

- The US continues to outpace the rest of the world in new job creation -- 36 million jobs created in the past 20 years.
- US millionaires in 1993 typically gained their money through entrepreneurial acts.
- Of the total working population in 1993 (124 MM), 1 in 7 are self-employed.

**Good (cont2)**

- $60-80 Billion in informal risk capital exists in the US (1993)
- $35 Billion in venture capital was available in 1993.
- Women owned 5 million companies in the US in 1991.
- There were more than 1 million minority owned businesses in 1990.

**Bad News**

- Survival rates are low.
- Most start-up fail!
- "If you are not a millionaire or bankrupt by 30, you are not really trying!" (1983 Bushnell)

**Business Failures**

- One out of three new businesses don't make it according to a 1983 study.
- Factors include economics and finance, inexperience, and neglect.

![Bar chart showing business failures within 2, 4, and 6 years.](chart.png)
### Mitigating Factors

- High Potential Ventures; i.e. payoff
- Minimum firm size
  - 1 year survival rates jump from 78% for firms with less than 10 employees to 95% for those with 20-100 employees
- Rapid growth early in the process

### Driving Forces

- Founders and Team
- Opportunity recognition
- Fit and timing
- Resources
- Implementation

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Q: How to learn to be an entrepreneur?
S/W Entrepreneurship
Introduction

Resources
- Class
- Instructor
- Peers
- Outside speakers
- Friends
- Books, library
- Internet

Activities
- Self-exploration
- Discussion and reflection
- Study cases
- Read research results
- Do Exercises
- NIKE Theory: JUST DO IT! i.e., Start a company

Starting a Software Company

Similarities
- All the basic elements required:
  - An idea and opportunity
  - Founders and a team
  - Resources
  - Motivation, drive, and passion
S/W Entrepreneurship
Introduction

Differences

- Very fast moving markets
- Changing Technologies
- Rules keep changing
- Role of the Web
- Barriers to entry are low
- UNCommon wisdom
- Marketing, Marketing, Marketing

end....