

Functions of the Entrepreneur

An entrepreneur is someone who starts and runs a business. Perhaps he or she makes a product and then sells these products, or perhaps they provide a service, quite possibly employs people and of course tries to make a profit.

The word entrepreneur comes from the French "entre" (to enter) and "prendre" (to take), Entrepreneurs are often described as risk takers, they often invest a great deal of their own money (and money from other investors and lenders), pinning their hopes on their business idea and their ability to make it work.

Many countries and governments place great value on entrepreneurs, and how they create wealth in an economy. It is easy to understand this importance if we look at some of the important roles of entrepreneurs.

Entrepreneurs are ;

- **Innovators.** Entrepreneurs bring new ideas to the market and drive new technologies. Trevor Bayliss developed windup technology in his garden shed. In June of 1996 his Freeplay radio, was awarded the BBC Design Award for Best Product and Best Design. His technology has been expanded from radios to torches, and there is even hope of windup PCs.
- **Wealth Creators.** One of the great drivers of economic growth is enterprise. Even in a developed country like

the UK we are still dependant on small firms building wealth to drive exports and increases in the UK's output

- **Job Creators.** As an entrepreneur builds his or her business then of course jobs are created. Small businesses account for around 30% of employment in the UK.
- **Society Builders.** Entrepreneurs often give something back to society. The Gates foundation intends to give \$Billions to charitable causes across the world. Many of the schools, hospitals and libraries in our towns and cities were originally funded by entrepreneurs.

What makes a successful Entrepreneur?

Characteristics of a successful entrepreneur include

- **Creativity,** the ability to come up with new concepts or ideas, or a better way of doing things. Stanley Kalms who built up the Dixons, Currys, and PC World retailing empire, started with just his fathers camera shop. Success was built on changing the whole approach to selling cameras and consumer electrics like TVs and washing machines. Richard Branson stated by importing records from the USA, and selling by mail order. Two American college students working in their college dorm in 2003 had the view they there

had to be a more efficient way of gathering data for internet search engines—we now have Google one of the biggest brands in the world.

- **Hard working.** Entrepreneurs in the UK average around 52 hours work a week, plus another 40 hours thinking or worrying about their business venture—compare this to the average working week of 38 hours for an employed person.
- **Desire to work for themselves:** Entrepreneurs like to work for themselves rather than working for an organisation or any other individual.
- **Fast and decisive decision making.** They don't worry too much, or hesitate over decisions. Entrepreneurs assess the facts and then jump straight in.
- **A risk-taking personality.** They will mortgage the house and give up well paid jobs to try to make success out of a business.
- **Profit seeking:** They want to make a profit; this profit motive drives them to work long hours and take risks.
- **Persistent personality.** As new businesses have low success rates, an entrepreneur must also have considerable persistence, and be willing to keep trying if ideas fail.

Entrepreneurs are generally highly independent, which can cause problems when their ventures succeed. In a sole trader situation the entrepreneur is able to per-

sonally manage most aspects of the business, but this is not possible once the company has grown beyond a certain size.

Once a business grows and has outside investors or other major shareholders then management conflicts often arise when the entrepreneur does not recognize that running a large stable company is different from running a small growing company. The problem is often resolved by the entrepreneur either leaving to start a new venture, or being forced out by shareholders. At Apple Computer one founder, Steve Wozniak, left to pursue other interests, while the other, Steve Jobs was fired in 1985 and replaced with a CEO from a much larger company. In 1996, Jobs returned to the lead Apple and since his return Apple have become the world's most valuable technology company.

Notes