



## Unit – 01: Introduction to Entrepreneurship and Start-ups

- Definitions,
- Traits of an entrepreneur,
- Entrepreneurship,
- Motivation
- Types of Business Structures,
- Similarities and differences between entrepreneurs and managers.

### Questions to be discussed:

1. What is entrepreneurship? Explain its type in brief.
2. What are the characteristics of Entrepreneurship?
3. Differentiate between entrepreneurship and startup.
4. What is an entrepreneur? Write the common traits for entrepreneurs.
5. Differentiate between Entrepreneur and Manager.
6. Explain different types of business structure in details.





## What is Entrepreneurship?

- Entrepreneurship is the process of starting a business while taking on the majority of the risks and benefits.
- It is the ability to develop, organize and run a business enterprise, along with any of its uncertainties in order to make a profit.
- In economics, entrepreneurship connected with land, labour, natural resources and capital can generate a profit.
- It can involve creating a business with the goal of achieving long-term stability and profitability.

## There are 4 Types of Entrepreneurship?

1. Small Business Entrepreneurship
2. Large Company Entrepreneurship:
3. Scalable Startup Entrepreneurship
4. Social Entrepreneurship



### Small Business Entrepreneurship:

- These businesses are a hairdresser, grocery store, travel agent, consultant, carpenter, plumber, electrician, etc.
- These people run their own business and hire family members or local employee.
- For them, the profit would be able to feed their family and not making 100 million business or taking over an industry.

### Large Company Entrepreneurship:

- These huge companies have defined life-cycle.
- The change in technology, customer preferences, new competition, etc., build pressure for large companies to create an innovative product and sell it to the new market.
- To cope with the rapid technological changes, the existing organisations either buy innovation enterprises or attempt to construct the product internally.

### Scalable Startup Entrepreneurship:

- This start-up entrepreneur starts a business knowing that their vision can change the world.
- They attract investors who think and encourage people who think out of the box.
- The research focuses on a scalable business and experimental models, so, they hire the best and the brightest employees.

### Social Entrepreneurship:

- This type of entrepreneurship focuses on producing product & services that resolve social needs and problems.
- Their only motto and goal is to work for society and not make any profits.



## Characteristics of Entrepreneurship:

1. **Ability to take a risk-** Starting any new venture involves a considerable amount of failure risk.
2. **Innovation-** It should be highly innovative to generate new ideas, start a company and earn profits.
3. **Visionary and Leadership quality-** To be successful, the entrepreneur should have a clear vision of his new venture.
4. **Open-Minded-** In a business, every circumstance can be an opportunity and used for the benefit of a company. For example, Paytm recognised the gravity of demonetization and acknowledged the need for online transactions would be more, so it utilised the situation and expanded massively during this time.
5. **Flexible-** An entrepreneur should be flexible and open to change according to the situation.
6. **Know your Product-** A company owner should know the product offerings and also be aware of the latest trend in the market. It is essential to know if the available product or service meets the demands of the current market. Being able to be accountable and then alter as needed is a vital part of entrepreneurship.

## What is a Startup?

- A startup is a business that is founded by a group of investors and operates according to predetermined stages of operations and ideas.
- A start-up company is a business organization that is formed by an entrepreneur which is used to coordinate the process of entrepreneurship under a common ownership structure.

## Difference between entrepreneurship and startup:

Entrepreneurship	Startup
It is a concept that encompasses the process of creating and running a business.	A startup specifically refers to a new company that is working on developing a new product or service.
Entrepreneurs may start businesses that aren't necessarily innovative or disruptive.	Startups are typically founded with the goal of disrupting existing markets.
Entrepreneurship can involve creating a business from scratch or buying an existing business.	Startups are always newly founded.
It can involve creating a business with one's own resources or with the help of investors.	Startups often rely heavily on external funding and may seek venture capital investment.
It can involve creating a business with the goal of achieving long-term stability and profitability.	Startups are often focused on rapid growth and scaling.



## What is an entrepreneur?

- An entrepreneur is a person who starts and runs a business.
- An entrepreneur is an individual who creates a new business, bearing most of the risks and enjoying most of the rewards.
- The process of setting up a business is known as entrepreneurship.
- An entrepreneur is someone who has an idea and who works to create a product or service that people will buy, as well as an organization to support that effort.



### Common traits for entrepreneurs:

- Leadership Qualities
- Decisive
- Risk-taking
- Confident
- Willingness
- Enterprising
- Innovative

## Difference between Entrepreneur and Manager.

Entrepreneur	Manager
It refers to persons who establish a company or enterprise and takes a financial risk to get profits.	They are individuals responsible for administering and controlling a group of people in the company or enterprise.
They are visionaries who convert an idea into a business. They are the owners of the company.	They are the employees of the company.
They focus on business startups.	They focus on ongoing operations.
They bear all financial and other risks.	They do not bear any risks.
They focus on starting the business and expanding the company.	They focus on the daily smooth functioning of the company.
Their reward is the profit they earn from the company.	Their reward is the salary they draw from the company.
They do not need to be specialised in any particular trade.	They are trained to perform tasks and are specialists in their domain.



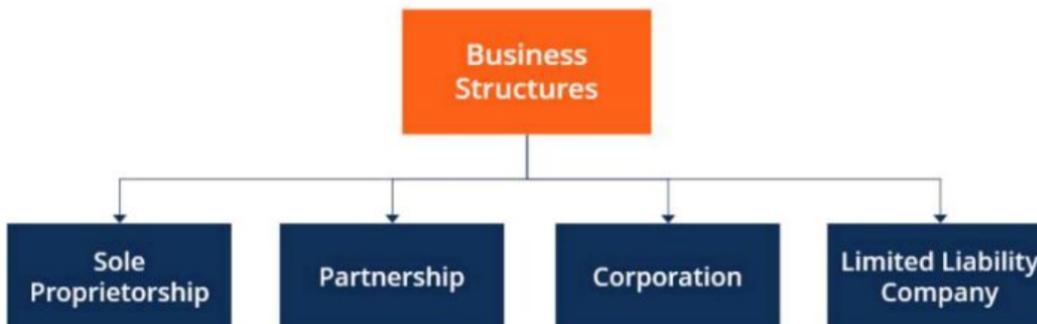
## What is a Business Structure?

- A business structure refers to how a company wants to represent itself legally in the industry.
- It is the type of setup that allows and restricts activities of a business after its establishment.



## Types of business structure:

Business structures are classified into 5 categories:



### Sole Proprietorship

- A structure is termed sole proprietorship when a person is the sole owner of a business.
- It is the simplest business structure where the owner is the single person who is responsible for the day-to-day operations of the business.

### Partnership

- When two or more people own a business entity, it is referred to as a partnership venture.
- This is a business structure where each owner actively participates in the daily business operations.
- They take all decisions about the growth and expansion of the businesses collectively.
- Plus, the revenues and liabilities are shared equally among all the partners.



## Corporations

- This business structure recognizes owners and entities as two separate units.
- It is a complex form, but large firms prefer registering as corporations.
- When creditors claim outstanding dues, they do not include owners as individuals.
- If a shareholder dies, they can transfer the shares to others.

## Limited Liability Company (LLC)

- An LLC is a type of structure that merges features of both partnerships and corporations.
- The revenues and losses are distributed to shareholders equally per their share of investment.

## What is Motivation?

- Motivation is the word derived from the word '**motive**' which means needs, desires, wants or drives within the individuals.
- It is the process of stimulating people to actions to accomplish the goals.
- The term motivation describes why a person does something.
- It is the driving force behind human actions.
- Motivation is the process that initiates, guides, and maintains goal-oriented behaviors.

