Entrepreneurship Theory Process Practice 11th edition Kuratko Solutions Manual

SKU: 9781337908429-SOLUTIONS

PART I: The Entrepreneurial Mind-Set in the Twenty-First Century

Chapter 1: Entrepreneurship: Evolutionary Development—Revolutionary Impact

Chapter 2: The Entrepreneurial Mind-Set in Individuals: Cognition and Ethics

Chapter 3: The Entrepreneurial Mind-Set in Organizations: Corporate Entrepreneurship

Chapter 4: Social Entrepreneurship and the Global Environment for Entrepreneurship

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CHAPTER 1 ENTREPRENEURSHIP: EVOLUTIONARY DEVELOPMENT—REVOLUTIONARY IMPACT

CHAPTER OUTLINE

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II. Entrepreneurs versus Small-Business Owners: A Distinction
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FEATURED CONTENT

The Entrepreneurial Process: Employee vs. Entrepreneur Mind-Set
The Entrepreneurial Process: The E-Myth
The Entrepreneurial Process: The Best Business Schools for Entrepreneurship

LEARNING OBJECTIVES

1 To examine the historical development of entrepreneurship
2 To explore and debunk the myths of entrepreneurship
3 To define and explore the major schools of entrepreneurial thought
4 To explain the process and framework approaches to the study of entrepreneurship
5 To set forth a comprehensive definition of entrepreneurship
6 To examine the entrepreneurial revolution taking place today
7 To illustrate today's entrepreneurial environment

CHAPTER SUMMARY

This opening chapter attempts to provide a broad perspective of the entrepreneurial evolution occurring throughout the United States and the world. Beginning with a discussion of entrepreneurs who have been compared to Olympic athletes, symphony orchestra conductors, and top-gun pilots, the chapter presents the perspective of entrepreneurship as an aggressive catalyst for change within the marketplace. Entrepreneurship is a mind-set that anyone can develop regardless of the setting.

Entrepreneurship: Theory, Process, Practice concentrates on entrepreneurs and entrepreneurial ventures where the entrepreneur's principal objectives are innovation, profitability, and growth, not on small businesses, which, although they are independently owned and operated, are not dominant in their fields and usually do not engage in many new or innovative practices. As *Entrepreneurship* defines it, entrepreneurship is a dynamic process of vision, change, and creation. It requires an application of energy and passion toward the creation and implementation of new ideas and creative solutions. Essential ingredients include the willingness to take calculated risks—in terms of time, equity, or career; the ability to formulate an effective venture team; the creative skill to marshal needed resources; the fundamental skill of building a solid business plan; and, finally, the vision to recognize opportunity where others see chaos, contradiction, and confusion.

To underscore its approach to entrepreneurship, *Entrepreneurship* examines 10 myths about the topic that, once safely sidestepped, allows for a foundation of research and contemporary theory to be built. The myths are presented to debunk misconceptions about entrepreneurship and educate the reader of the true nature of entrepreneurship. The chapter then provides an overview of entrepreneurial theory and contemporary research to broaden the horizon for studying entrepreneurship and to better focus on the what, how, and why behind the discipline.

This chapter next provides a perspective on the entrepreneurial revolution that is occurring throughout the United States and the world, discussing important statistics that support the entrepreneurial economy. For example, the U.S. Small Business Administration has reported

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that, during the past 10 years, new business start-ups numbered over 400,000 per year. Entrepreneurs in the United States play key roles as current and future employers, suppliers, customers, and service providers for other businesses. They are developing and delivering innovative products and services at a higher-than-average level than other innovation economies.

A description of gazelles—business establishments with at least 20 percent sales growth every year (for 5 years), starting from a base of $100,000—and their impact on the economy is included, along with the challenges associated with fast growth. The text goes on to discuss how disruptive technologies—smartphones, inexpensive sensors, and cloud computing—are driving the creation of billion-dollar start-ups, originally labeled *unicorns* to represent the rarity of such successful ventures.

Eight trends in entrepreneurship in the twenty-first century are also itemized and six trajectories for the future of entrepreneurship are discussed. The chapter ends with a review of three key concepts: entrepreneurship, entrepreneur, and entrepreneurial management. To be a successful entrepreneur, an individual must be an independent thinker who is willing to take risks and dare to be different. Personal initiative, ability to consolidate resources, management skills, and risk taking are just a few of the important qualities needed to be a successful entrepreneur.

LECTURE NOTES

I. Entrepreneurs—Breakthrough Innovators

Individuals recognize opportunities where others see chaos or confusion. They are compared to Olympic athletes, symphony conductors, and top-gun pilots.

II. Entrepreneurs versus Small-Business Owners: A Distinction

The terms entrepreneur and small-business owner are used interchangeably, but there are differences.

Small-business owners are not dominant in their field and are not innovative.

The objectives of entrepreneurial ventures are innovation, profitability, and growth.

III. Entrepreneurship: A Mind-Set

Entrepreneurship is more than the mere creation of business.

A special perspective permeates entrepreneurs: seeking opportunities, taking risks beyond security, and having the tenacity to push an idea through to reality.

It is a mind-set that has revolutionized the way business is conducted at every level and in every country: inside or outside an organization, in for-profit or not-for-profit enterprises, and in business or nonbusiness activities.

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IV. The Evolution of Entrepreneurship

Entrepreneurship is from the French *entreprendre*, meaning "to undertake."

An entrepreneur is an innovator or developer who recognizes and seizes opportunities; converts those opportunities into workable/marketable ideas; adds value through time, effort, money, or skills; assumes the risks of the competitive marketplace to implement these ideas; and realizes the rewards from these efforts.

Characteristics of entrepreneurs:

- Personal initiative
- The ability to consolidate resources
- Management skills
- A desire for autonomy
- Risk taking
- Aggressiveness
- Competitiveness
- Goal-oriented behavior
- Confidence
- Opportunistic behavior
- Intuitiveness
- Reality-based action
- The ability to learn from mistakes
- The ability to employ human relations skills

Historical developments in entrepreneurship:

- No single definition of entrepreneur exists.
- Recognition of entrepreneurs dates back to eighteenth-century France.
- Until 1950, the majority of definitions and references came from economists.
- Over the decades, writers have continued to modify the definition.
- Robert C. Ronstadt said, "Entrepreneurship is the dynamic process of creating incremental wealth."
- In the twentieth century, the word *entrepreneur* became closely linked with free enterprise and capitalism.
- Entrepreneurs serve as agents for change; provide creative, innovative ideas for business enterprise; and help businesses grow and become profitable.
- In the twenty-first century, entrepreneurs are considered heroes of free enterprise.
- Many people now regard entrepreneurship as "pioneership" on the frontier of business.

An integrated definition of entrepreneurship recognizes entrepreneurship as a dynamic process of vision, change, and creation.

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V. Avoiding Folklore: The Myths of Entrepreneurship

Myth 1: Entrepreneurs Are Doers, Not Thinkers

Entrepreneurs have a tendency toward action, but they are also thinkers.

Emphasis today is on the creation of clear and complete business plans.

Myth 2: Entrepreneurs Are Born, Not Made

Traits include aggressiveness, initiative, drive, a willingness to take risks, analytical ability, and skill in human relations.

Entrepreneurship has models, processes, and case studies that allow traits to be acquired.

Myth 3: Entrepreneurs Are Always Inventors

This idea is a result of misunderstanding and tunnel vision.

Many inventors or innovators are also entrepreneurs.

Numerous entrepreneurs encompass all sorts of innovative activities.

Myth 4: Entrepreneurs Are Academic and Social Misfits

This myth results from people who have started successful enterprises after dropping out of school or quitting a job.

Historically, education and social organizations have not recognized the entrepreneur.

The entrepreneur, no longer a misfit, is now viewed as a professional.

Myth 5: Entrepreneurs Must Fit the Profile

Many books and articles have presented checklists of characteristics of the successful entrepreneur.

The environment, the venture itself, and the entrepreneur have interactive effects, which result in many different types of profiles.

Myth 6: All Entrepreneurs Need Is Money

That a venture needs capital to survive is true.

A large number of business failures occur because of lack of adequate financing.

Failure due to lack of financing indicates other problems:

- Managerial incompetence
- Lack of financial understanding
- Poor investments
- Poor planning

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Myth 7: All Entrepreneurs Need Is Luck
Being in the right place at the right time is always an advantage.

"Luck" happens when preparation meets opportunity.

What appears to be luck could really be several factors:
- Preparation
- Determination
- Desire
- Knowledge
- Innovativeness

Myth 8: Entrepreneurship Is Unstructured and Chaotic
Entrepreneurs are sometimes thought of as gunslingers who are assumed to be disorganized and unstructured, leaving it to others to keep things on track.

Heavily involved in all facets of their ventures, they tend to have a system to keep things straight and maintain priorities, which may seem strange to casual observers but works for them.

Myth 9: Most Entrepreneurial Initiatives Fail
Many entrepreneurs suffer a number of failures before they are successful.

Failure can teach many lessons to those willing to learn and often leads to future success.

The corridor principle states that with every venture launched, new and unintended opportunities often arise.

The "high failure rate" is misleading, according to researcher Bruce Kirchoff.

Myth 10: Entrepreneurs Are Extreme Risk Takers
The concept of risk is a major element in the entrepreneurial process.

The public's perception of the risk most entrepreneurs assume is distorted.

It may appear that an entrepreneur is "gambling" on a wild chance, but the entrepreneur is usually working on a moderate or "calculated" risk.

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VI. Approaches to Entrepreneurship

Schools-of-Thought Approaches to Entrepreneurship

THE MACRO VIEW

Presents a broad array of factors that relate to success or failure in contemporary entrepreneurial ventures. Exhibits a strong external locus of control point of view.

Three schools of entrepreneurial thought take the macro view.

The Environmental School of Thought

Deals with the external factors that affect a potential entrepreneur's lifestyle. Focuses on institutions, values, and morals. Recognizes that friends and family can influence the desire to become an entrepreneur.

The Financial/Capital School of Thought

Deals with the search for seed capital and growth capital. Views the entire entrepreneurial venture from a financial management standpoint.

The Displacement School of Thought

Holds that the group hinders a person from advancing or eliminates certain factors needed to advance; consequently, the individual is projected into entrepreneurship in order to succeed. Frustrated individuals are propelled into entrepreneurial pursuits.

Three major types of displacement include:

- Political displacement: Deals with government's policies and regulations
- Cultural displacement: Deals with social groups precluded from professional fields
- Economic displacement: Deals with economic variations of recession and depression

THE MICRO VIEW

Exhibits an internal locus of control point of view.

Three schools of entrepreneurial thought take the micro view.

The Entrepreneurial Trait School of Thought

Studies successful entrepreneurs who tend to exhibit similar characteristics. Four factors usually exhibited by successful entrepreneurs include:

- Achievement
- Creativity
- Determination
- Technological knowledge

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Deals with the family development idea that focuses on the nurturing and support that exists within the home atmosphere.

The Venture Opportunity School of Thought
Emphasizes the search for sources of ideas, the development of concepts, and the implementation of venture opportunities. Views creativity and market awareness as essentials. Deals with the ability to recognize new ideas and opportunities and to implement the necessary steps of action. Preparation meeting opportunity equals "luck."

The Strategic Formulation School of Thought
Emphasizes the planning process in successful venture development. Four major factors in considering the strategic formulation include:

- Unique markets
- Unique people
- Unique products
- Unique resources

SCHOOLS OF ENTREPRENEURIAL THOUGHT: A SUMMARY

Knowledge and research are available in its embryonic stage. The field of entrepreneurship uses a number of theories in its growth and development.

Process Approaches to Entrepreneurship

AN INTEGRATIVE APPROACH

Focuses on and includes three factors: inputs, outputs, and entrepreneurial intensity. Built around the concepts of inputs to the entrepreneurial process and outcomes from the entrepreneurial process. Inputs include environmental opportunities, the individual entrepreneur, the business concept, the organizational context, and financial and nonfinancial resources. Outputs include ventures, value creation, new products and processes, new technologies, profit, jobs, and economic growth.

Entrepreneurial intensity is the number of entrepreneurial events and how entrepreneurial the events are.

DYNAMIC STATES APPROACH

Network of relationships (the dynamic state) converts opportunity tension into value, generating new resources that maintain the dynamic state.

A FRAMEWORK OF FRAMEWORKS APPROACH

Theories or frameworks based on combinations offer a more dynamic view of the phenomenon of entrepreneurship. Similar to the "multiple lens" approach that characterizes general management, the theories based on combinations can delve into some of the particular aspects of entrepreneurship with greater granularity.

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A sizeable body of research has developed that supports the individual frameworks through the schools of thought or through process models, but the integration of previously disparate aspects of entrepreneurship may be particularly valuable to advancing the field of entrepreneurship.

VII. The Entrepreneurial Revolution: A Global Phenomenon

According to Global Entrepreneurship Monitor (GEM) data:

- 250 million people were involved in early-stage entrepreneurial activity.
- 63 million people expected to hire at least 5 employees over the next five years and 27 million of these individuals anticipated hiring 20 or more employees in the same time period.
- Entrepreneurship and the entrepreneurial mind-set contribute to increased job growth across the globe.
- Entrepreneurship impacts an economy through growth, innovation, and internationalization.
- Entrepreneurship requires a will and a way.
- Entrepreneurship needs dynamism and stability.
- Entrepreneurship in a society should encompass a variety of business phases and types, led by a diverse group of entrepreneurs in all age groups.
- An entrepreneurial mind-set is not just for entrepreneurs.
- Millennipreneurs—under the age of 35 and define professional success in terms of positive social or environmental impact.
- Ultrapreneurs—focus on environmental and social concerns.
- Serialpreneurs—have established four or more operating companies.
- Boomerpreneurs—aged 55 years or older and more convinced than younger generations that their business has had a positive social impact.

The Impact of Entrepreneurial Ventures in the United States

- During the last 10 years, over 400,000 new businesses were started per year.
- An estimated 25 million Americans were starting or running new ventures in 2016, and 42 percent projected they would employ 6 or more people in the next 5 years.
- An estimated 14 million Americans were running established ventures in 2016, with 3.2 million planning to employ 6 or more employees in the years ahead.
- The United States has the highest rate of entrepreneurship among 55–64-year-olds in the 25 developed economies studied.
- The number of businesses owned by women and minorities has increased significantly.
- The United States is a culture that supports risk taking and seeking opportunities.
- Americans are relatively alert to unexploited economic opportunity and have a relatively low fear of failure.
- The United States is a leader in entrepreneurship education at both undergraduate and graduate levels.
- The United States is home to a high percentage of individuals with professional, technological, or business degrees, a group that registers at the highest entrepreneurial activity rate.

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The Growth of Gazelles and Unicorns
New and smaller firms create the most jobs in the U.S. economy.

Fastest growing firms are those with at least 20 percent sales growth every year (for 5 years), starting with a base of at least $100,000.

New and smaller firms have been responsible for 55 percent of the innovations in 362 different industries and for 95 percent of all radical innovations.

Gazelles produce twice as many product innovations per employee as do larger firms.

New and smaller firms obtain more patents per sales dollar than do larger firms.

> **UNICORNS**
> Disruptive technologies like smartphones, inexpensive sensors, and cloud computing are driving the creation of numerous billion-dollar start-ups. These corporate ventures have been labeled *unicorns*.
>
> As of 2018, there were more than 80 start-ups valued at $1 billion or more and the trend is rising.
>
> Firms such as Facebook, Uber, and Airbnb have achieved $10 billion valuations and are referred to as *decacorns*.
>
> The increase in valuations may be tied to the acquisition of many new ventures by established corporations.

Legacy of Entrepreneurial Firms
Fostering and promoting entrepreneurial activity has been, and will continue to be, an economic solution for recessions, downturns, and challenges.

While large existing companies have been transforming themselves, having learned to become more entrepreneurial, new entrepreneurial companies have been blossoming.

Many entrepreneurial firms have been founded by women, minorities, and immigrants with footholds in every sector of the economy and in every part of the country.

Entrepreneurial firms make two indispensable contributions to the U.S. economy. First, they are an integral part of the renewal process that pervades and defines market economies. Second, entrepreneurial firms are the essential mechanism by which millions enter the economic and social mainstream of American society.

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VIII. Twenty-First-Century Trends in Entrepreneurship Research

The major themes that characterize recent research about entrepreneurs and new-venture creation are as follows:

- Venture financing—venture capital, angel investors, and innovative financing techniques
- Corporate entrepreneurship—entrepreneurial actions within large organizations
- Social entrepreneurship
- Entrepreneurial cognition—the psychological aspects of the entrepreneurial process
- Women and minority entrepreneurs—have emerged in greater numbers
- The global entrepreneurial movement
- Family businesses
- Entrepreneurial education—the number of schools teaching a course in entrepreneurship has grown from as few as a dozen 40 years ago to more than 3,000 at this time

The Future Trajectory of Entrepreneurship: The Entrepreneurial Mind-Set

A reassessment of the basic issues surrounding entrepreneurship education results in six trajectories:

- Why teach entrepreneurship—a shared conceptualization can establish a clear purpose for the effort.
- What is taught in entrepreneurship—business basics, core entrepreneurial content, and the entrepreneurial mind-set.
- How entrepreneurship is taught—students should build experience portfolios including idea diaries, elevator pitches, business models, interviews with entrepreneurs, study abroad experiences, etc.
- Organizing entrepreneurship—a structural base with consistent leadership and authority.
- Outcomes of teaching entrepreneurship—emphasis on competency mastery.
- Leadership of entrepreneurship programs—leaders of entrepreneurship programs must self-identify as *academic entrepreneurs* so that the entrepreneurial mind-set conveyed to students becomes ingrained in how faculty and staff approach the academic environment.

IX. Key Entrepreneurship Concepts

Entrepreneurship—a dynamic process of vision, change, and creation requiring an application of energy and passion toward the creation of and implementation of new ideas and creative solutions.

Entrepreneur—an innovator or developer who recognizes and seizes opportunities; converts those opportunities into workable/marketable ideas; adds value through time, effort, money, or skills; and assumes the risks of the competitive marketplace to implement these ideas.

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Entrepreneurial Discipline—an entrepreneur demonstrates discipline and the techniques and principles will continue to drive the entrepreneurial economy in the twenty-first century.

Entrepreneurial Leadership—an entrepreneur who represents the ultimate source of economic dynamism and empowerment and is transformative at the societal, organizational, and individual levels.

SUGGESTED ANSWERS FOR REVIEW AND DISCUSSION QUESTIONS (END-OF-CHAPTER)

1. Briefly describe the evolution of the term *entrepreneurship*.

The word *entrepreneur* is derived from the French *entreprendre*, meaning "to undertake." No single definition of the word exists at present. The recognition of entrepreneurs dates back to eighteenth-century France when economist Richard Cantillon associated the "risk bearing" activity in the economy with the entrepreneur. In England during the same period, the Industrial Revolution was evolving, with the entrepreneur playing a visible role in risk taking and the transformation of resources. Until the 1950s, the majority of definitions and references to entrepreneurship had come from economists. In the twentieth century, the word became synonymous or at least closely linked with free enterprise and capitalism. In the twenty-first century, entrepreneurs are now considered the heroes of free enterprise.

2. What are the 10 myths associated with entrepreneurship? Debunk each.

Entrepreneurs are doers, not thinkers.

They are often very methodical people who plan their moves carefully. Today the emphasis is on the creation of clear, complete business plans.

Entrepreneurs are born, not made.

The recognition of entrepreneurship as a discipline has helped to dispel this myth. Like all disciplines, entrepreneurship has models, processes, and case studies that allow the topic to be studied and the traits acquired.

Entrepreneurs are always inventors.

There are numerous entrepreneurs who encompass all sorts of profit-seeking activity. For example, Ray Kroc did not invent the fast-food franchise, but his innovative ideas made McDonald's the largest fast-food enterprise in the world.

Entrepreneurs are academic and social misfits.

Today the entrepreneur is considered a hero—socially, economically, and academically. No longer a misfit, the entrepreneur is now viewed as a professional.

Entrepreneurs must fit the profile.

Many books and articles have presented checklists of characteristics of the successful entrepreneur. These lists were neither validated nor complete. Today we realize that a standard entrepreneurial profile is hard to compile. The environment, the venture itself, and the entrepreneur have interactive effects, which result in many different types of profiles.

All entrepreneurs need is money.

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Having money is not a bulwark against failure. Failure due to a lack of proper financing is often an indicator of other problems.

All entrepreneurs need is luck.

"Luck happens when preparation meets opportunity" is an equally appropriate adage. Prepared entrepreneurs who seize the opportunity when it arises often appear to be lucky.

Entrepreneurship is unstructured and chaotic.

There is a tendency to think of entrepreneurs as gunslingers—as people who shoot from the hip and ask questions later. They are assumed to be disorganized and unstructured. The reality is that they are typically well-organized, in order to get done all the duties and responsibilities inherent in building and running a business.

Most entrepreneurial initiatives fail.

It is true that many entrepreneurs suffer a number of failures before they are successful. They follow the adage "If at first you don't succeed, try, try again." In fact, failure can teach many lessons to those willing to learn and often leads to future successes.

Entrepreneurs are extreme risk takers.

The concept of risk is a major element in the entrepreneurship process. However, the public's perception of the risk assumed by most entrepreneurs is distorted. While it may appear that an entrepreneur is gambling on a wild chance, the fact is that the entrepreneur is usually working on a moderate or "calculated" risk.

3. What is the macro view of entrepreneurship?

The macro view of entrepreneurship presents a broad array of factors that relate to success or failure in contemporary entrepreneurial ventures. This array includes external processes that are sometimes beyond the individual's control.

4. What are the schools of thought that use the macro view of entrepreneurship?

The environment school of thought, the financial/capital school of thought, and the displacement school of thought.

5. What is the micro view of entrepreneurship?

The micro view of entrepreneurship examines the factors that are specific to entrepreneurship and part of the "internal" locus of control.

6. What are the schools of thought that use the micro view of entrepreneurship?

The entrepreneurial trait school of thought, the venture opportunity school of thought, and the strategic formulation school of thought.

7. What are the three specific types of displacement?

Political displacement, cultural displacement, and economic displacement.

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8. In the strategic formulation school of thought, what are the four types of strategies involved with unique elements? Give an illustration of each.

Unique markets—example: College campus businesses would tend to market products that college people want and need.

Unique people—example: If you were going to open a car repair shop, you need to know how to repair cars.

Unique products—example: Coke differs from Pepsi.

Unique resources—example: Middle-easterners have the ability to produce more oil products.

9. What is the process approach to entrepreneurship? In your answer, describe the dynamic states approach.

The process approach to entrepreneurship is a way to examine the activities involved in entrepreneurship by using either a "dynamics states" approach or a "multidimensional approach." Both of these methods attempt to describe the entrepreneurial process as a consolidation of diverse factors.

The dynamic states approach focuses on the dependences of ventures on their environment for survival. The model incorporates an array of individual, organizational, and environmental elements and suggests that smaller and newer firms have more flexibility in making ongoing changes to satisfy current and anticipated demands of their market.

10. Describe the "framework of frameworks" approach to entrepreneurship.

The theories based on combinations similar to the "multiple lens" approach that characterizes general management, the theories based on combinations that can delve into some of the particular aspects of entrepreneurship.

11. Explain the predominance of new ventures in the economy.

During the past 10 years over 400,000 new businesses were incorporated per year. Newer entrepreneurial companies—some of which did not exist 20 years ago—have collectively created millions of new jobs during the past decade. Among many notable examples, consider Facebook, Twitter, Google, BlackBerry, and YouTube. In 2017, approximately 28.8 million businesses in the United States (according to the U.S. Small Business Administration) were smaller firms.

12. Define a *gazelle,* and discuss its importance.

A gazelle is a fast growing firm with at least 20 percent sales growth every year for 5 years, starting with a base of $100,000. In contrast to the continual downsizing of major corporations, gazelles provided 5 million new jobs and brought net employment growth to 4.2 million jobs.

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ADDITIONAL ACTIVITIES

Short Case

GAZELLE … OR TURTLE?

Summit Software, Inc., recently celebrated its fifth year of business. Jim Mueller, the proprietor, started the software manufacturing and distribution company when he was still working as a professor at the local college, but now he enjoys being in the fast-paced technology industry. Growth and expansion were easy for Jim, thanks to his knowledge, his contacts, and the pool of readily available workers from which to choose. The company that originated in his den now occupies a nice space close to downtown.

Going into the sixth year, Jim continues to serve the same target market with customer support and lengthy projects. He acknowledges that technological advancements and new clientele are in the immediate future. All of the current and forecasted work leaves Jim and his three employees with little time to spend on administrative duties—let alone new accounts. Jim also realizes that the company needs its own upgrades to continue its rate of success and to stay competitive. Looking at Summit's financials and the amount of work necessary to maintain the business, he's not sure where to go from here. Following is a snapshot of Jim's annual sales since inception:

Year 1 $112,000
Year 2 $195,000
Year 3 $250,000
Year 4 $335,000
Year 5 $487,000

QUESTIONS

1. Is Summit Software a gazelle? Support your answer.
2. What problems may Jim face by owning such a fast-growing business?
3. Are gazelles more important to the economy than traditional growth businesses? Why or why not?

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Reflection Exercise: *MOBILE ENTREPRENEURIAL OPPORTUNITIES*

Examine the following category of entrepreneurial opportunities that promise to be strong in the coming years. Which one would you consider pursuing and why?

M-Commerce—Embracing "m-commerce" in huge numbers, there are more than 3.7 billion users of the mobile Web. This means if you sell stuff, whether online or in a physical location, your website must be mobile-ready. Eighty-one percent of smartphone owners search from their phones at home, 80 percent shop from their phones, 68 percent visited a business in person or went to its website after searching from their phones, and over half actually buy something. By 2020, global ecommerce sales are expected to reach $4.058 trillion, representing 15% of total retail sales.

Apps—Another opportunity born from mobility is the hundreds of thousands of apps that have been created for mobile devices such as the iPhone and the iPad. Global mobile app revenue is projected to reach $188.9 billion by 2020. In many cases, those apps are produced by entrepreneurial developers for smartphones and tablet computers.

Gamification—"Gamification" first took off in 2007, and it has proved to be recession-proof. Research predicts that gamification will be widespread by 2020. Gamification's goals are to increase customer engagement, change behaviors, and stimulate innovation by employing game mechanics in nongame environments. Some research believes that gamification could become as important as Facebook, eBay, or Amazon. The opportunities for businesses are great—from having more engaged customers, to crowdsourcing innovation or improving employee performance.

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Entrepreneurship Theory Process Practice 11th edition Kuratko Solutions Manual