

Entrepreneur:- An entrepreneur is an individual who creates a new business, bearing most of the risks and enjoying most of the rewards. The entrepreneur is commonly seen as an innovator, a source of new ideas, goods, services, and business/or procedures.

Entrepreneurs play a key role in any economy, using the skills and initiative necessary to anticipate needs and bring good new ideas to market. Entrepreneurs who prove to be successful in taking on the risks of a start up are rewarded with profits, fame, and continued growth opportunities. Those who fail, suffer losses and become less prevalent in the markets.

KEY POINTS:-

- A person who undertakes the risk of starting a new business venture is called an entrepreneur.
- An entrepreneur creates a firm, which aggregates capital and labour in order to produce goods or services for profit.
- Entrepreneurship is an important driver of economic growth and innovation.
- Entrepreneurship is high-risk, but also can be high-reward as it serves to generate economic wealth, growth, and innovation.

How Entrepreneurs Work

Entrepreneurship is one of the resources economists categorize as integral to production, the other three being land/natural resources, labour and capital. An entrepreneur combines the first three of these to manufacture goods or provide services. They typically create a business plan, hire labour, acquire resources and financing, and provide leadership and management for the business.

Entrepreneurs commonly face many obstacles when building their companies. The three that many of them cite as the most challenging are as follows:

- Overcoming bureaucracy
- Hiring talent
- Obtaining financing

The Entrepreneur and Financing

Given the riskiness of a new venture, the acquisition of capital funding is particularly challenging, and many entrepreneurs deal with it via bootstrapping: financing a business using methods such as using their own money, providing sweat equity to reduce labour costs, minimizing inventory, and factoring receivables.

While some entrepreneurs are lone players struggling to get small businesses off the ground on a shoestring, others take on partners armed with greater access to capital and other resources. In these situations, new firms may acquire financing from venture capitalists, angel investors, hedge funds, crowdsourcing, or through more traditional sources such as bank loans.

Entrepreneurship Definitions

Economists have never had a consistent definition of "entrepreneur" or "entrepreneurship" (the word "entrepreneur" comes from the French verb *entreprendre*, meaning "to undertake"). Though the concept of an entrepreneur existed and was known for centuries, the classical and neoclassical economists left entrepreneurs out of their formal models: They assumed that perfect information would be known to fully rational actors, leaving no room for risk-taking or discovery. It wasn't until

the middle of the 20th century that economists seriously attempted to incorporate entrepreneurship into their models.

Three thinkers were central to the inclusion of entrepreneurs: Joseph Schumpeter, Frank Knight, and Israel Kirzner. Schumpeter suggested that entrepreneurs—not just companies—were responsible for the creation of new things in the search of profit. Knight focused on entrepreneurs as the bearers of uncertainty and believed they were responsible for risk premiums in financial markets. Kirzner thought of entrepreneurship as a process that led to the discovery.

Entrepreneurs Impact the Economy

In economist-speak, an entrepreneur acts as a coordinating agent in a capitalist economy. This coordination takes the form of resources being diverted toward new potential profit opportunities. The entrepreneur moves various resources, both tangible and intangible, promoting capital formation.

In a market full of uncertainty, it is the entrepreneur who can actually help clear up uncertainty, as he makes judgments or assumes the risk. To the extent that capitalism is a dynamic profit-and-loss system, entrepreneurs drive efficient discovery and consistently reveal knowledge. Established firms face increased competition and challenges from entrepreneurs, which often spurs them toward research and development efforts as well. In technical economic terms, the entrepreneur disrupts course toward steady-state equilibrium.

Entrepreneurs Help Economies

Nurturing entrepreneurship can have a positive impact on an economy and a society in several ways. For starters, entrepreneurs create new business. They invent goods and services, resulting in employment, and often create a ripple effect, resulting in more and more development. For example, after a few information technology companies began in India in the 1990s, businesses in associated industries, like call centre operations and hardware providers, began to develop too, offering support services and products.

Entrepreneurs add to the gross national income. Existing businesses may remain confined to their markets and eventually hit an income ceiling. But new products or technologies create new markets and new wealth. And increased employment and higher earnings contribute to a nation's tax base, enabling greater government spending on public projects.

Entrepreneurs create social change. They break tradition with unique inventions that reduce dependence on existing methods and systems, sometimes rendering them obsolete. Smartphones and their apps, for example, have revolutionized work and play across the globe.

Entrepreneurs invest in community projects and help charities and other non-profit organizations, supporting causes beyond their own. Bill Gates, for example, has used his considerable wealth for education and public health initiatives.

Profile of an Entrepreneur:-

If you think you want to be your own boss and run your own business, but are not sure you have the right qualifications to be an entrepreneur, read on. What are the characteristics of an entrepreneur? How does an entrepreneur think? Is your personal profile similar to that of a successful entrepreneur?

Until recently, entrepreneurs were not widely studied. There was a general lack of knowledge and information about what made them tick. The recent interest in revitalizing America's dormant productivity has changed all that. Most business universities now offer courses in entrepreneurship. As a result, business professionals have learned a lot about what it takes to become a successful

entrepreneur. Although no one has found the perfect entrepreneurial profile, there are many characteristics that show up repeatedly.

Here are some important characteristics of entrepreneurs for you to consider and dispel the entrepreneurial myths.

ENTREPRENEURIAL CHARACTERISTICS

A series of interviews were conducted with distinguished entrepreneurs. They were asked what characteristics they felt were essential to success as an entrepreneur. Good health was a characteristic mentioned by every entrepreneur interviewed. Entrepreneurs are physically resilient and in good health. They can work for extended periods of time, and while they are in the process of building their business, they refuse to get sick.

In small businesses, where there is no depth of management, the leader must be there. You may not be able to afford a support staff to cover all business functions, and therefore you will need to work long hours. We all know people who use part of their sick leave each year when they are not sick. Entrepreneurs are not found in this group. At the end of the eight-hour day, when everyone else leaves for home, the entrepreneur will often continue to work into the evening, developing new business ideas.

Self-Control

Entrepreneurs do not function well in structured organizations and do not like someone having authority over them. Most believe they can do the job better than anyone else and will strive for maximum responsibility and accountability. They enjoy creating business strategies and thrive on the process of achieving their goals. Once they achieve a goal, they quickly replace it with a greater goal. They strive to exert whatever influence they can over future events.

In large, structured organizations, entrepreneurs are easy to recognize by the statements they make: "If they wanted that job done right, they should have given it to me." A dominant characteristic of entrepreneurs is their belief that they are smarter than their peers and superiors. They have a compelling need to do their own thing in their own way. They need the freedom to choose and to act according to their own perception of what actions will result in success.

Self-Confidence

Entrepreneurs are self-confident when they are in control of what they're doing and working alone. They tackle problems immediately with confidence and are persistent in their pursuit of their objectives. Most are at their best in the face of adversity, since they thrive on their own self-confidence.

Sense of Urgency

Entrepreneurs have a never-ending sense of urgency to develop their ideas. Inactivity makes them impatient, tense, and uneasy. They thrive on activity and are not likely to be found sitting on a bank fishing unless the fish are biting. When they are in the entrepreneurial mode, they are more likely to be found getting things done instead of fishing.

Entrepreneurs prefer individual sports, such as golf, skiing, or tennis, over team sports. They prefer games in which their own brawn and brain directly influence the outcome and pace of the game. They have drive and high energy levels, they are achievement-oriented, and they are tireless in the pursuit of their goals.

Comprehensive Awareness

Successful entrepreneurs can comprehend complex situations that may include planning, making strategic decisions, and working on multiple business ideas simultaneously. They are farsighted and aware of important details, and they will continuously review all possibilities to achieve their business objectives. At the same time, they devote their energy to completing the tasks immediately before them.

Accounting reports illustrate this characteristic. Accountants spend hours balancing the accounts and closing them out. For them, the achievement is to have balanced books. The entrepreneur only wants to know the magnitude of the numbers and their significance for the operation of the business.

Realism

Entrepreneurs accept things as they are and deal with them accordingly. They may or may not be idealistic, but they are seldom unrealistic. They will change their direction when they see that change will improve their prospects for achieving their goals. They want to know the status of a given situation at all times. News interests them if it is timely, and factual, and provides them with information they need. They will verify any information they receive before they use it in making a decision. Entrepreneurs say what they mean and assume that everyone else does too. They tend to be too trusting and may not be sufficiently suspicious in their business dealings with other people.

Conceptual Ability

Entrepreneurs possess the ability to identify relationships quickly in the midst of complex situations. They identify problems and begin working on their solution faster than other people. They are not troubled by ambiguity and uncertainty because they are used to solving problems. Entrepreneurs are natural leaders and are usually the first to identify a problem to be overcome. If it is pointed out to them that their solution to a problem will not work for some valid reason, they will quickly identify an alternative problem-solving approach.

Status Requirements

Entrepreneurs find satisfaction in symbols of success that are external to themselves. They like the business they have built to be praised, but they are often embarrassed by praise directed at them personally. Their egos do not prevent them from seeking facts, data, and guidance. When they need help, they will not hesitate to admit it especially in areas that are outside of their expertise. During tough business periods, entrepreneurs will concentrate their resources and energies on essential business operations. They want to be where the action is and will not stay in the office for extended periods of time.

Symbols of achievement such as position have little relevance to them. Successful entrepreneurs find their satisfaction of status needs in the performance of their business, not in the appearance they present to their peers and to the public. They will postpone acquiring status items like a luxury car until they are certain that their business is stable.

Interpersonal Relationships

Entrepreneurs are more concerned with people's accomplishments than with their feelings. They generally avoid becoming personally involved and will not hesitate to sever relationships that could hinder the progress of their business. During the business-building period, when resources are scarce, they seldom devote time to dealing with satisfying people's feelings beyond what is essential to achieving their goals.

Their lack of sensitivity to people's feelings can cause turmoil and turnover in their organization. Entrepreneurs are impatient and drive themselves and everyone around them. They don't have the tolerance or empathy necessary for team building unless it's their team, and they will delegate very few key decisions.

As the business grows and assumes an organizational structure, entrepreneurs go through a classic management crisis. For many of them, their need for control makes it difficult for them to delegate authority in the way that a structured organization demands. Their strong direct approach induces them to seek information directly from its source, bypassing the structured chains of authority and responsibility. Their moderate interpersonal skills, which were adequate during the start-up phases, will cause them problems as they try to adjust to the structured or corporate organization. Entrepreneurs with good interpersonal skills will be able to adjust and survive as their organization grows and becomes more structured. The rest won't make it.

Emotional Stability

Entrepreneurs have a considerable amount of self-control and can handle business pressures. They are comfortable in stress situations and are challenged rather than discouraged by setbacks or failures. Entrepreneurs are uncomfortable when things are going well. They'll frequently find some new activity on which to vent their pent-up energy. They are not content to leave well enough alone. Entrepreneurs tend to handle people problems with action plans without empathy. Their moderate interpersonal skills are often inadequate to provide for stable relationships. However, the divorce rate among entrepreneurs is about average.

Attitudes

1. PASSION

Entrepreneurs should be passionate about their ideas, goals and, of course, their companies. This passion is what drives them to do what they do.

Some entrepreneurs love the adventure and excitement of creating something new, and once it is established they lose interest and move on to something else.

Other entrepreneurs feel passionately about the product they are constructing or the sense of accomplishment they feel because they know they are helping other people, helping animals or helping the planet.

Whatever drives an individual to try to succeed is where his/her passion lies, and that passion is integral to entrepreneurial life.

2. BRAVERY

Entrepreneurs, like everyone else, feel fear. They are fearful that they won't succeed or fearful a well-conceived idea cannot be executed. They do not, however, let these fears of failure define them. They are brave. They learn from failure. They utilize their fear of failing to push themselves to work harder and to strive to correct the mistakes that may have caused them to fail.

Many entrepreneurs need multiple attempts to create a successful company. It is bravery that drives them to pursue success.

3. FLEXIBILITY

Entrepreneurs experience setbacks. There are hurdles to overcome on any journey.

Not everyone handles change or disappointment well. However, entrepreneurs must possess flexible mindsets so they can alter a course that seems to be headed toward failure.

Flexible entrepreneurs should be aware that they may have to modify the route toward their established goal, or even perhaps tweak that established goal, in order to reach it successfully.

4. STRONG WORK ETHIC

It is not easy to start from the ground up and become a successful business owner. Many hours of hard work, frustration, creativity and supervision are poured into a new venture. If you are not willing to get up and work hard every day, probably seven days a week, then how can you expect success? No successful business is created quickly, easily or without strife.

Entrepreneurs do not work a standard 9-5 day, nor do they log 40-hour work weeks. They are always working—establishing new ideas, creating new products, designing new processes, hiring smart and talented people.

Entrepreneurs motivate themselves and continually look forward.

5. INTEGRITY

Entrepreneurs must be able to show others they are truthful and honest. Regardless of the type of business they hope to establish, colleagues, vendors, customers and investors must trust them. There is no way around this—entrepreneurs must be trusted, and trust must be earned.

The best business idea in the world will likely fail if an untrustworthy person is at the helm. Suppliers need to know that payments for goods they have shipped will arrive on time.

Customers need to know that whatever product or service they have ordered will be delivered as promised. Colleagues need to know that they are a valued part of the company's success. Investors need to know that the company has to potential to grow.

Attitude is everything in entrepreneurial life.