

What is entrepreneurship?



EPFL

What is entrepreneurship?



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♪ (electronic music) ♪ Hello, and welcome to our MOOC, *Launching New Ventures*. - I'm Chris. - And I'm Mark.

Notes

Summary



0m 01s

Week 1:

What is entrepreneurship?

We're both professors here at EPFL, the *École Polytechnique Fédérale de Lausanne*, which is a hotbed of entrepreneurship and innovation. Every month, roughly two new companies are created here. EPFL is located in Lausanne in Switzerland and Switzerland is also a country where a lot of technology development happens, you know? We didn't design the course only for Switzerland. Quite to the contrary, this course has a very international scope so we tried to make it relevant for many, many countries around the globe. Yeah, I mean, many MOOCs are designed with one specific country in mind, whereas what we try to do with this MOOC is to make it so it's applicable to many different contexts, many different regions, including Africa and other parts of the world. So, we designed the course with you in mind drawing on our rich research experience of more than 30 years combined, as well as our experience in teaching entrepreneurs and in consulting with entrepreneurs. So there's lots of experience to draw from and we use that in order to craft a MOOC that is compelling to you. We know that for many people entrepreneurship is a life-changing event so maybe this MOOC will change your life and lead you to some greener pastures.

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Summary





Now, what we've done with this MOOC is we've followed a long entrepreneurial process. The MOOC itself is only going to be five weeks long, total. What we've done is we've picked the subjects that are absolutely critical, the most specific things that you need to launch your business. So we think this is going to be both fun and educational. - Surely fun! - Exactly. So without further ado, let's get going, and let's look at what entrepreneurship actually means. Yes, what is entrepreneurship? Well, one definition of entrepreneurship is it's bringing resources together to create value. What type of value? It could be any kind of value. It could be economic value, social value, there's eco-entrepreneurship, social entrepreneurship, there's lots of different things, but what we're going to focus on in this MOOC is going to be on the economic value creation for the growth ventures, although, the other things will probably fall into place once you have a viable business proposition. Exactly, so this word *entrepreneurship* actually comes from a French term, *entreprendre*, and if you thought entrepreneurship was something cool and new, here's the bad news right at the beginning of the MOOC.

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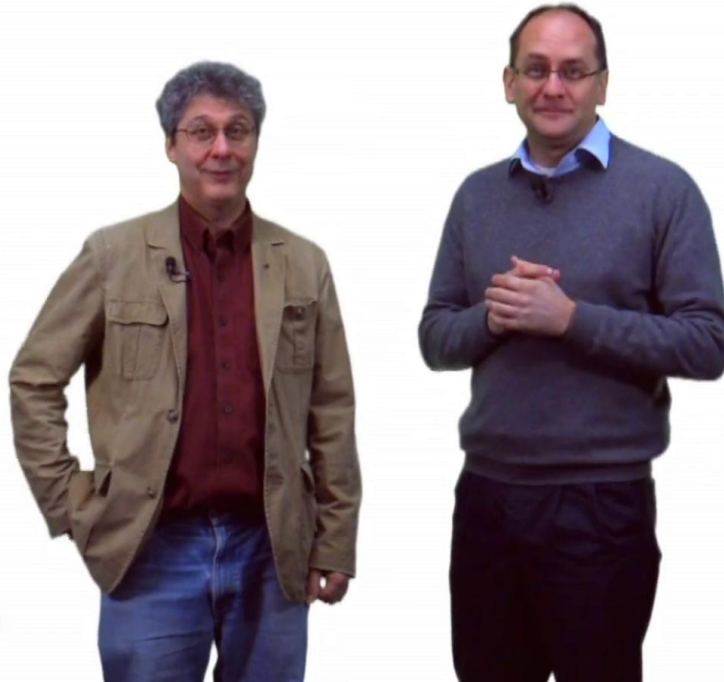
Summary



0m 02s

What is entrepreneurship?

It's about
bringing
together
resources to
create value.



Source: Stevenson & Jarillo-Mossi (1990). A Paradigm of Entrepreneurship: Entrepreneurial Management.

- It comes from the French word *entreprendre*: to *undertake*.
- *Richard Cantillon 17th century: the entrepreneur*

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It's actually a term that was used since the 17th century, and there was one person, a scientist, Richard Cantillon, [who] used that for a term in the 17th century for the first time. So what did he observe?

Notes

Summary



2m 45s



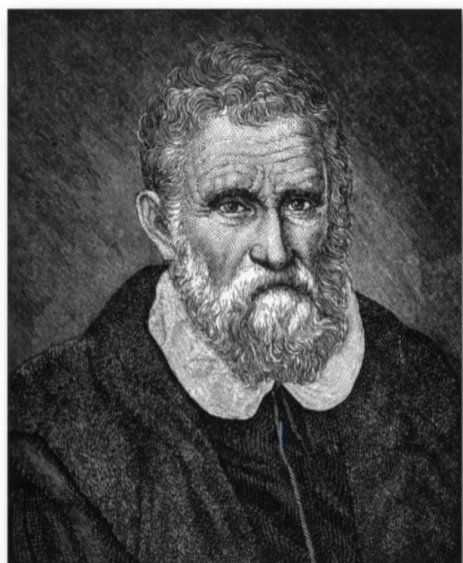
He actually observed people like Marco Polo, and contrasted them with how business activity was done in the ancient marketplaces at the time. So Marco Polo, he was a merchant-adventurer. He traveled to the Far East, he bought silk, he bought tea, and he brought the stuff back to the marketplaces here in Europe. And to think about the marketplace in those days, what did they sell? Local businesses, butchers, and carpenters, farmers' markets, etc. where people congregated in one public space. So now, imagine Marco Polo being in one of these marketplaces and saying, "I have silk for you, I have tea for you." The customers wouldn't know these types of products, so it wasn't innovation that Marco Polo brought about, but it was risky because he had expenditures when he was in India. Quite a lot of expenditures before he was able to get a return on his-- Not knowing exactly what he would get in return, yeah? So that has traces of entrepreneurship there, doing something innovative, but on the other hand, he did also not finance his travels by himself. What Marco Polo actually did [was] he found capitalists who financed his travels to the Far East, and when he was in the Far East, he brought the goods back, and when he sold them off at a profit, he shared the profits with these capitalists.

Notes

Summary

0m 04s





Marco Polo



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75% would go into the pocket of the capitalists, and 25% would be going into Marco Polo's pocket. And that sounds awfully familiar to what we see nowadays in venture capital so there are also traces here of entrepreneurship. So in essence, I think these early observations shaped the field of entrepreneurship quite a bit and entrepreneurial behavior as such is actually rooted in many of us here. It's not something special in that sense. It's quite conventional that we see entrepreneurship, because if you think back into the ancient times, everyone was an entrepreneur. There were no large organizations or public organizations, governments to work for. Everyone had to find ways to trade, and to produce something, and to sell something. So, entrepreneurship as such is everywhere, and I think it's time that you discover whether you might be a good entrepreneur.

Notes

Summary



4m 05s

1 The Entrepreneurial Mindset



2 The Entrepreneurial Event



3 The Entrepreneurial Process

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So, according to this Cantillon example, you could think about Marco Polo as a great case of someone who had an *Entrepreneurial Mindset*. He was an entrepreneurial thinker who had gone through several *entrepreneurial events* or milestones, and who was someone who participated in a whole *entrepreneurial process*. This is kind of the three ways of thinking about entrepreneurship and we're going to discuss each of those. First, we're going to think about the kinds of people who would be entrepreneurial minded. This could be anywhere; it could be a founder of a company, or someone in a big company having an entrepreneurial mindset, somebody who wants to take risk.

Notes

Summary



4m 54s



In a way, by looking at the content of our MOOC you can see, what are the components of an entrepreneurial mindset, and how may I nurture, as a person, my entrepreneurial mindset. Right, and then, what we'll do is we'll think a little bit about the entrepreneurial events or milestones that happened during the course of the entrepreneurial process, and then we're also mainly organized, this MOOC, around point #3, which is the entrepreneurial process itself. So we have a pre-launch phase and a post-launch phase, In the pre-launch phase we look at the content, for instance, like opportunity identification; in the post-launch phase we look at growth, about making your sales, entrepreneurial marketing, etc. Exactly, so all of this stuff will be organized around the entrepreneurial process as a timeline, in that sense. You may ask yourself, is entrepreneurship actually for me? You might think, "Maybe I'm too old, maybe I'm too young, maybe I'm living in a region where entrepreneurship is not so prevalent," but here are two statistics that are quite important. We don't want to bore you here with lots of studies, but these are two interesting tidbits that you want to know. First, look at this slide here.

Notes

Summary

0m 08s





It shows you the distribution of entrepreneurship across different age groups, across different regions. I think the main takeaway is that entrepreneurship is everywhere. You see it across the globe, and what's quite amazing is lots of entrepreneurship, actually, in Africa. In other countries, US, of course, that's typically considered as an entrepreneurial country, but also here in Europe, and in other countries. That's quite an important takeaway. The second takeaway is here on the next slide. Right, so if you look at this slide, I think what strikes you is that yes, there's slightly more men than women in entrepreneurship worldwide. However, it's really quite well distributed between men and women, almost equal, across all parts of the globe. So it's not a male dominated area. It's very democratic in that sense. If you look at the larger corporations, we are still discussing that there is gender equality, but look at this: here we have gender equality. Also, you've got the different regions of the world, too. Most people think about North America as being the place for entrepreneurship, but if you look at these graphics, I think you'll see that really, it's happening everywhere, and even to some extent, more than in North America.

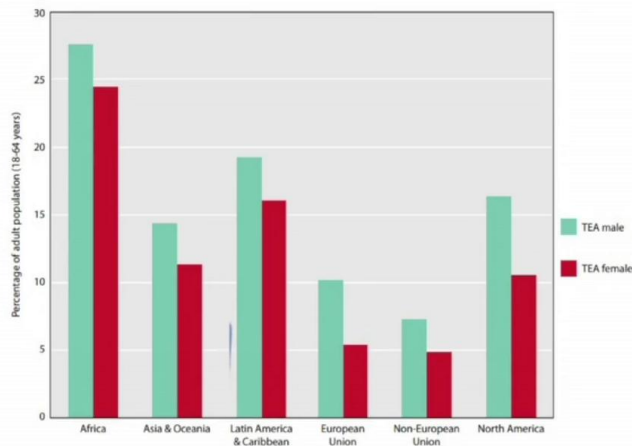
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0m 09s



FIGURE 2.10 MALE AND FEMALE EARLY-STAGE ENTREPRENEURIAL ACTIVITY (TEA) IN 2014, BY GEOGRAPHIC REGIONS



Source: Singer, Amoros & Moska (2014). Global Entrepreneurship Monitor: 2014 Global Report.



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That's why I want to reiterate what we said before: this is a course that is really targeted at global audiences and not just a specific country or specific regions. This is targeted to males, to females, to people in Asia, in Africa, to all people around the globe, in a way.

Notes

Summary



7m 42s

Self-employment businesses vs. high-tech ventures

	Pure Self-Employment	Technology-Driven Entrepreneurship
Starting point	<ul style="list-style-type: none"> • Business idea has been realized in the same form several times • Traditional product-market combinations 	<ul style="list-style-type: none"> • Business idea is based on an innovative product-market combination
Examples	<ul style="list-style-type: none"> • Handcraft, retailing, contact service provider 	<ul style="list-style-type: none"> • Technology-oriented producers, innovative service provider
Predominant mode of competition	<ul style="list-style-type: none"> • Destructive competition 	<ul style="list-style-type: none"> • Competition in innovation
Time perspective of business idea	<ul style="list-style-type: none"> • Product life-cycle cannot be observed in the medium term 	<ul style="list-style-type: none"> • Often a product life-cycle is existent • Market phases have significant effect
Growth and employment potential	<ul style="list-style-type: none"> • Limited potential • Omnipresent founder, typically family-related employment 	<ul style="list-style-type: none"> • Huge potential

Adapted from: Fallgatter (2002). Theorie des Entrepreneurship.

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So in this MOOC, we're going to have an emphasis on the technology-driven entrepreneurship businesses. If you think about technology-driven entrepreneurship it's about having an innovative technology, trying to commercialize it, it's like the Marco Polo example. You're doing something innovative to the market, customers might not know it, so there are some unique challenges that you are facing when you are trying to create this type of venture, a technology-driven one. In contrast, there's the more self-employed entrepreneurship where you are imitating. It could be that - this is still relevant for self-employment businesses - in a self-employment type situation, you need usually more of an imitation type business, usually made for a lifestyle without a big, big growth option - the material in this course will also be relevant to those people too- but we will place more of an emphasis on the growth aspects of this.

Notes

Summary



7m 57s



- Technology transfer programs at universities
- Spin-offs from corporations and research labs
- Individual inventors in their “garages”

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So, where are these technology-driven companies coming from? These technologies are oftentimes developed at universities, so they might be coming from technology transfer offices, they might also be coming from larger corporations where some employees might say, "We have a cool new technology, "our headquarters are not interested in commercializing this business, so we do it, we form a group, and we spin out a company from the larger corporation." Or it could be individual inventors making things in their mythical garages.

Notes

Summary



8m 46s



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Exactly, and that doesn't have to be a garage, could also be a basement, but that's typically where they start off. We always talk about the garage. They say that they don't have the funds to hire fancy office buildings, so there are lots of origins, and there might be different ones, so we don't want to exclude the other ones, but these are three conventional ones, three ones that are often encountered. So as I mentioned before, this course is structured around the entrepreneurial process. So what we'll do is in the next segment we'll go through a lot of the details about how the course is structured, and what to expect over the next five weeks, so stay with us. - Yes!

Notes

Summary



9m 18s