

# **Module 9 Entrepreneurship**

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## **Unit 9.2 Characteristics of Entrepreneurs**

## Rationale

Having a good understanding of the concept of entrepreneurship and the impact it can make on the economy, is the basis of being in a position to be able to speak with some authority on the development of entrepreneurial opportunity. It is a tool that is essential to you as an instructor or teacher in a technical or vocational field. A further skill that will strengthen this knowledge base is to be able to recognise potential entrepreneurial opportunities and the characteristics that are common amongst successful entrepreneurs.

Some of the characteristics we have as individuals are inherited, and this is also true of some of the characteristics of entrepreneurs. But an awareness and knowledge of what is required in an entrepreneur to be successful can encourage an individual to cultivate those characteristics. If you as an instructor are able to identify these characteristics, then you are in a position to encourage and enhance them in your trainees.

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# Introduction

## About this unit

Welcome to the second in the series of units on Entrepreneurship.

In this unit you will focus on the characteristics of entrepreneurs.

The unit consists of three (3) sections. *Section 1* outlines major characteristics of entrepreneurs, *Section 2* discusses examples of creative entrepreneurial activities at the levels of self-employment as well as national and multi-national companies, and *Section 3* examines creative traits and the impact of creativity on the entrepreneurial process.

The unit begins by discussing six (6) major entrepreneurial characteristics and their accompanying traits.

It then discusses examples of entrepreneurial activities, the nature of creativity and its impact on the success of a business.

## How to use this manual

In addition to the information on the characteristics of entrepreneurs, the unit includes some activities, as well as three assignments.

The activities will not be considered as a part of your final assessment. Their purpose is to help you to check your progress as you go through the unit.

Answers to these activities are provided at the end of this unit, so that you can check your work at the end of each activity.

You are required to do an assignment appears at the end of each section. These are to be completed and submitted to your tutor.

Please note: Your assessment for these assignments will determine if you have achieved the required competency for the unit.

## How you will be assessed

You will be assessed on three assignments:

Assignment 1      30%

Assignment 2      45%

Assignment 3      25%

**Please note:** Each assignment is to be completed and submitted to your tutor.

The assignments will require research on your part, and will be presented as written reports. Contact your tutor regarding the time allowed for completing and submitting these assignments.

## Finding your way

As you work through the unit, you will see symbols ('icons') in the left margin of some pages. These 'icons' will guide you through the text.



Read



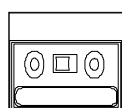
Important- take note!



Activity



Assessment task



Listen to Audio Tape



## Competency

The competency for each unit is expressed as a number of **learning outcomes and assessment criteria**.

Assessment criteria specify what you must be able to do to show you have gained the knowledge and skills needed to achieve each learning outcome.

Each unit has its own assessment criteria specified. Recognition of prior learning is encouraged. If you feel confident that you have the necessary level of competence to successfully complete the elements shown below, you may be able to take the assessment without studying the unit.

## Learning outcomes

On completion of this unit you will be able to:

- analyse creative skills that are applied in entrepreneurial activities
- identify the characteristics of entrepreneurs
- identify people who are entrepreneurs
- identify examples of creative entrepreneurial activity

## Assessment criteria

- List six (6) characteristics of entrepreneurs and state why they are attributes of success.
- Identify three (3) people who are entrepreneurs and describe the characteristics that have assisted them to become recognised as entrepreneurs.
- Identify and describe briefly, two (2) examples of entrepreneurial activities that have led to the development of national and multi-national companies.
- Identify and describe briefly two (2) examples of entrepreneurial activity at a level of small-scale employment.
- List six (6) creative skills that are applied in entrepreneurial activity and analyse them in terms of how they assist the entrepreneurial process.

## **Other resources you may find useful**

You will be required to explore other learning resources to augment the material in this module. Other important sources of information may be found in your local Library or resource centres of your local:

- Chamber of Commerce
- Small Businesses' Association (SBA)
- Industrial Development Corporation (IDC)
- Manufacturers' Association
- Exporters' Association
- National Development Foundation (NDF)



# Section 1



## Characteristics of entrepreneurs

Entrepreneurs display a number of characteristics that make them stand out from the crowd, and enable them to function the way they do. As you will discover, each characteristic is displayed by certain traits. It is important to note that entrepreneurs may not possess all these traits, but the more they have, the greater will be their chances of achieving success in their endeavours.

For some people, these traits are latent, and will only be displayed when they are faced with situations that force them to do so.

Research has shown that some of the common characteristics and accompanying traits of an entrepreneur are:



| <i><b>Characteristic</b></i> | <i><b>Trait</b></i>  |
|------------------------------|--|
| Self-confidence              | Confidence, independence, optimism.  |
| Task/Result-oriented         | Need for achievement, problem-solver, profit-oriented, persistent, goal-directed, persevering, determined, visionary, hard working, resilient, realistic, practical. |
| Risk-taker                   | Willing to take risks, likes challenges.   |
| Leadership                   | Displays initiative, takes the lead, gets along well with others, responsive to suggestions and criticisms, persuasive, is able to motivate.                         |
| Creative                     | Innovative, flexible, open-minded, resourceful, versatile, knowledgeable.  |
| Future -oriented             | Has foresight, is perceptive.  |

Even when entrepreneurs possess a number of these traits, it is unlikely that they will rate highly on all of them, but it is very likely that the successful entrepreneur will rate high on most of them, especially self-confidence, risk-taking, resilience, flexibility, a strong need to achieve, and a strong desire to be independent. Risk-taking, creativity, problem-solving, result-oriented, as well as leadership, are undoubtedly powerful entrepreneurial traits that anyone could possess. These traits will therefore be the major focus of this module.

### **Risk-taking**

The entrepreneur is someone who is willing to accept risks.

What is a risk situation?

It is one in which the individual is confronted with at least two alternatives, where the potential outcomes cannot be fully objectively evaluated. The risk involves the possibility for success or loss, depending on the choice made. The greater the possible loss, the greater the risk.

For instance, how many people will give up the safe haven of a secure job providing a reasonable standard of living for a business offering the possibilities for unlimited earnings, but also with the accompanying chance of not generating enough revenue to collect a salary? The risk-taking quality of typical entrepreneurs will most likely make them opt for the latter as not only are they optimistic, but they believe that they will be able to make things work.

It is this same quality which largely distinguishes the entrepreneurial business person from other people in business. The entrepreneurial person will be the first to put a new untried product on his/her shop shelf, being fully aware of the possibility that customers might not purchase it. The entrepreneur will seek to influence customers by making an effort to introduce it to them. Other business people will wait until there is an established market for the product before stocking it. For these people, the focus is not on the possibility that the product could really be a hit with consumers, but that it may become dead stock.

However, although entrepreneurs are risk-takers, they are moderate and not high-risk takers, unlike gamblers. They do not usually start a venture unless they know the risks involved, and are in a position to exercise some control over these risks. The entrepreneur will compare the benefits to the risks to determine if the venture is worthwhile; then, by planning and preparing what they want to achieve, entrepreneurs are able to have some degree of control over the outcome. Although

they are calculated or moderate risk-takers, it is not unusual to find high risk-takers among untrained or unprepared entrepreneurs.

Do entrepreneurs take low risks? They do sometimes. However, since they enjoy the excitement of a challenge, entrepreneurs tend to avoid low-risk situations. They value the stimulation of having to work through a new problem and arriving at a successful and profitable solution.

The willingness to take risks makes the entrepreneur different from an inventor. An inventor may create something new that could have value and be useful to others in the society. However, unless inventors gather the resources necessary to produce and sell what they have invented, they are not entrepreneurs. In this regard, it must be emphasised that the entrepreneur is an inventor, but the inventor is not necessarily an entrepreneur.

For instance, Isaac Singer did not invent the sewing machine but because of his entrepreneurial endeavour, it was made popular. Today "Singer" is still a household name, and many people associate the invention of this machine with Isaac Singer, not its inventor. Similarly, even though we can generate ideas to bring new products or services into existence or to improve on existing products or services, if we do not act on these ideas by actually developing and marketing these products or services, then we are just inventors, not entrepreneurs. Having conceived an idea, the willingness to take the risk to make it happen, is therefore vital to entrepreneurship.



### Activity 1

Risk is involved in every business. The owner/manager must therefore be prepared to take moderate risks. These risks will include the initial investment in the business, as opposed to using it for some other purpose; the money spent on marketing activities with the hope of gaining more customers; decisions to launch new products and services, or to expand the business.

*Write your own ideas on the importance of risk-taking to the establishment, survival and growth of a business.*

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**Refer to notes on risk taking to check your answers.**



### Self-confidence

Entrepreneurs have confidence in their ability to succeed at what they do. This confidence is backed by positive action necessary for ensuring success. Entrepreneurs will therefore work hard and persevere to achieve their goals despite problems encountered.

They are guided by the belief that success and failure are within their personal control and cannot be left to chance or luck or fate.

Things do not always go right the first time. However, the entrepreneur will persevere despite the experience of failure. Such failures are used as means of understanding what went wrong and how to prevent the same thing from happening again.

Once they have decided that a situation or event represents a real business opportunity, entrepreneurs will persevere despite the odds. They are driven by a strong belief that they will succeed. This level of

confidence is not merely based on some whim or fancy, but on an astute assessment of the situation and the probability of success.

One drawback is overconfidence. This can lead to arrogance and could create conflict in dealing with others. The successful entrepreneur avoids being overconfident and is able to build a healthy level of self-confidence.

One trait associated with self-confidence is **independence**. Entrepreneurs have a strong desire to be independent. It is this desire that causes people to start a business of their own rather than seek wage employment. Some people will even leave a highly paid job to start their own business.



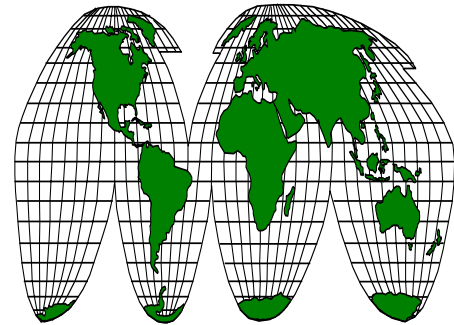
### **Task/Result-oriented and Problem-solver**

Entrepreneurs have a vision of where they want to go, and will develop practical plans in order to get there. This means they set clear goals and do everything within their power to achieve them. They are described as being goal-directed or achievement-oriented; in that they are self-motivated and possess a deep desire to achieve the goals they set.

They see difficulties and failures as temporary setbacks and are resilient in pursuing their goals and aspirations.

Entrepreneurs are visionaries. They try to be in touch with changes taking place around them, will anticipate the effects of these changes and will position themselves and their businesses to take advantage of any opportunity these changes might present.

For instance, the entrepreneur sees opportunities in trends such as greater emphasis on fitness and health foods, and issues such as globalisation. As visionaries, entrepreneurs seek to anticipate the changing needs of the markets they serve, and constantly seek to launch new or improved products to satisfy these changing needs.



### ***An Approach to Problem-solving***

Entrepreneurs face many problems in the day to day running of their businesses. The way in which they deal with these problems will determine whether the problem is eliminated, minimised or whether it gets worse. If they fail to deal effectively with problems and allow them to turn into crises, then this could affect their mental or even physical health in a negative way.

One way in which people sometimes deal with problems is to avoid them. This, however, could be a fatal mistake, as problems will not simply go away because they are ignored, instead they could worsen, making them more difficult to solve. Problems should therefore be faced and dealt with in a timely and systematic way.

Entrepreneurs are problem-solvers. They tend to have a positive attitude towards problem-solving and are often relentless in their search for solutions.

The following approach given below could become a useful guide for dealing with problems.

### ***Steps to Problem-solving***

1. Be willing to solve the problem.
2. Identify the problem (separating it from its causes or symptoms).
3. List the causes of the problem.
4. Decide what changes are needed (changes you would like to see when the problem is solved).
5. Develop some possible solutions to the problem.

6. Decide on the best possible solution.
7. Prepare a plan of action for implementing your proposed solution.
8. Assess the outcome or result to determine whether this is what you desire or whether your solution has worked. If not, investigate why, start the process all over again and keep your eyes open for other problems.

Source: "How to find and evaluate Business Opportunities", CPSC Modular Programme.



## Activity 2

You have just graduated from your teacher training programme. You have learnt a lot of new ideas about delivery techniques and are anxious to implement them. You have gained employment at a technical/vocational school and are under the supervision of a hardworking head of department. However, your supervisor is also very domineering and uncaring. This supervisor refuses to give you the chance to try new ways of delivering your sessions, claiming that the school had an established way of doing things and that your methods would be time-consuming. The supervisor also feels that the use of your proposed methods would raise expectations on the part of the students where the other teachers were concerned, and this could create conflict.

You are becoming very frustrated as the supervisor is now insisting that there be consultation on any new instructional aid you intend to use in the classroom.

Your investigation reveals that the supervisor has been employed at that school for 15 years, and has not done any upgrading training since graduating from a teachers college.

Now apply the problem-solving approach outlined above to decide on a solution for the problem.

In your own words, state the problem.

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(continued)

What are the symptoms of the problem?

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Identify some possible causes of the problem.

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What changes would you like to see when the problem is solved?

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Develop some possible solutions.

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Select what you believe to be the best solution.

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***Check your answers on page 34.***





## Leadership

The total performance of a business is very heavily determined by the attitudes and actions of the entrepreneur. Their effectiveness as a leader will determine the results achieved. It is said that successful entrepreneurs are effective leaders regardless of the number of people in their charge.

As leaders, entrepreneurs seek opportunities, initiate new projects and organise themselves and others towards the achievement of goals. This means that the effective leader is highly motivated and is able to influence others so that they too can become motivated.



In order to influence others, the entrepreneur needs to be able to communicate effectively. Entrepreneurs communicate with their employees, customers, suppliers of goods and raw materials, as well as those who supply them with money to finance their business. Good communication skills will be necessary in their relationship with all these people, as failure to develop good relations will affect the success of the business.

### Entrepreneur versus business person

If you were to compare the characteristics of an entrepreneur and a "business person" you would see many similarities.

To succeed, they both have to be creative, be willing to take risk, etc. The entrepreneur has a vision of growth, is committed to constructive changes, persistent in gathering necessary resources and has energy to achieve results.



"Business persons" risk their personal finances. Does this make them entrepreneurs? Not always! In some instances, these people do not possess or have not developed the traits that would enable them to succeed. This sometimes results in business failure. In other instances, the business stagnates because the business person, unlike the true entrepreneur, lacks the creativity and drive that would enable the business to expand.

Furthermore, in the case of the "business person", profit is usually the sole motivating factor. The entrepreneur, on the other hand, while seeing profit as a primary factor, is driven by other forces such as a strong need for independence, an intense determination to achieve and the willingness to take risks. These forces cause the entrepreneur to see and act on opportunities. In contrast, the "business person" often fails to recognise new opportunities.

In summary, the entrepreneur is a business person, but the business person is not always an entrepreneur.

Recognising and developing one's own entrepreneurial traits or tendencies is of great importance since these traits create the driving force which enables one to achieve both in the establishment and development of one's own business or career.



## Summary

Most entrepreneurial traits are inter-related. Chances are that the people who feel the greatest need to achieve are going to be the ones exuding a lot of self-confidence, and the ones willing to risk failure in order to achieve their goals. In their bid to achieve, they will also exhibit persistence, drive and initiative. They are innovative, brave, somewhat adventurous, and like to take on new challenges.

They are usually resourceful and flexible, constantly seeking to acquire new knowledge. They also plan ahead, but apply flexibility in revising their plans.

While average entrepreneurs will not necessarily fit this exact description, they will exhibit a number of these characteristics. There is no doubt, however, that no two individuals are exactly alike, so although these are general characteristics of the entrepreneur, there will always be differences in the extent to which they are exhibited by individuals.



Some of these characteristics and traits are quite easily identified in yourself and others. How many of these traits do you have? Those that you think you do not have are quite often just waiting for the chance to be developed. This does not mean you have to launch a business; you can develop and use these skills in your job or any other aspect of your life! Your students might also not be aware that they possess a number of these traits. With your help they could become more aware of their true potential!



## Test your entrepreneurial potential

Your responses to the following question will give some indication of your entrepreneurial abilities and of the type of person you are.

|   | Usually                  | Sometimes                | Rarely                   |
|---|--------------------------|--------------------------|--------------------------|
| I have the physical energy to complete all of my work and other responsibilities. | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| I have confidence in what I can do.   | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| I can follow a plan and can work towards achieving the goals I set for myself.    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Money plays an important role in determining what I do.                           | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| I like problem-solving and working on difficult tasks.                            | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| I have the ability to set goals for myself that are challenging, yet attainable.  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| I am comfortable taking certain risks.  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| I am able to learn from my mistakes.  | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| I am willing to ask others for help when I need it                                | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| I take responsibility for finishing the things that I start.                      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Accomplishing things I start and my goals are important to me.                    | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| I am able to deal with uncertain situations.                                      | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| I compete against myself to continually improve on my past accomplishments.       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| I am flexible and willing to change my plans, if necessary.                       | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

I have a high degree of personal commitment to anything I try . ☐ ☐ ☐

I am able to find creative solutions to problems. ☐ ☐ ☐

I like people and I can work well with others . ☐ ☐ ☐

*If less than 20% of your responses fall in the “rarely” column you qualify to be described as Entrepreneurial.*



## Assignment No. 9.2-1

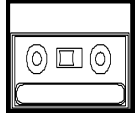
### Unit 9.2 Characteristics of Entrepreneurs

You are now required to do the Assignment 9.2 –1 that will be found at the end of this unit or distributed by your tutor.



# Section 2

## Creativity in Action



### Activity 3



Begin this section by listening to the audiocassette on “Characteristics of the Entrepreneur” The cassette is seven (7) minutes in length.

“The characteristics of the entrepreneur can be both strengths and weaknesses”

**Question:** Select two entrepreneurial characteristics and discuss, using examples, how these can be both strengths and weaknesses.

**Refer to the audiocassette to check your answers.**



### Creative Entrepreneurial Activities

One entrepreneurial characteristic mentioned in the previous section was creativity. We will now discuss this characteristic in detail.

**Creativity** is that quality which enables the entrepreneur to identify new and better ways of doing things. However, entrepreneurs do not always bring new, innovative ideas into reality. Divergent thinking also goes hand-in-hand with creativity, as it enables the entrepreneur to enhance old, common practises. Through divergent thinking, the entrepreneur is able to find new uses for existing products or identify improved ways of doing things. The introduction of the typewriter was based on creative thinking. The introduction of the electronic typewriter was based on divergent thinking.

Creative thinking is concerned with breaking out of the old or the usual way of thinking. This requires changes in attitude and approach. Old, established ways of doing things must be viewed from a new perspective. There must also be a willingness to explore new ideas.

On the other hand, conventional thinking (or convergent thinking) is a logical sequential way of thinking. It deals with order and relevance. Convergent thinkers tend to maintain the status quo, or maintain old practises. This occurs because they view things logically and will only make changes that seem logical or relevant. Creative thinkers dare to

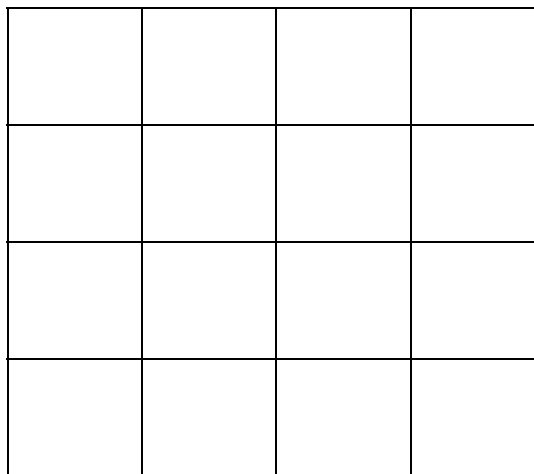
be different. Creative thinking is divergent; it does not necessarily follow logic and sequence. It is not constrained by conventional thinking.

Creative thinking must not, however, be seen as a substitute for conventional thinking. Conventional thinking complements creative thinking, in that it is often necessary to start with the old established idea or practise in order to generate new ideas.



#### **Activity 4** **Test Your Creativity**

How many squares do you see?



***Did you get 30? Discuss your answers with your tutor.***



#### **Creative Thinking in Action**

The success of entrepreneurs is influenced by their creative or divergent thinking and their ability to transform invention into innovation.

Creativity also enables entrepreneurs to add new features or make improvements to existing ideas. Having generated ideas through creative or divergent thinking, it is innovation that enables entrepreneurs to transform these ideas into useful applications. This ability has been demonstrated by countless entrepreneurs, including Bill Gates who perfected the Disk Operating System (DOS), and successfully marketed it. DOS became the premier operating system of the 1990's for personal computers and is a multi-billion dollar business



activity. It is noteworthy that Bill Gates was not constrained by the fact that he was a university dropout. He displayed vision and creativity when he bought the invention, improved it and decisively launched it on the market.

Another widely known entrepreneur was Coco Chanel who revolutionised women's clothing. She couldn't afford to buy the fashionable clothes of the period, so she rebelled, rejected them, and made her own. She used more masculine gear such as the sports jackets and ties that were worn by her male associates around the racetrack, where she was climbing her first social ladders. Her long, loose sweaters, worn over a skirt and belted, became a real symbol of her fashion statement, along with the "little black dress" and the long jacketed "Chanel suit".

But probably the single element that most ensured Chanel's being remembered, even when it would have been easier to write her off, is not a piece of clothing, but a form of liquid gold – Chanel No. 5, in its art deco bottle, which was first launched in 1923. It was the first perfume to bear a designer's name.<sup>1</sup>

Laparkan of Guyana is another example. This company initially began by offering custom brokerage services targeting people in the United States who wished to ship barrels to Guyana. Displaying the resilience, determination and vision that characterise true entrepreneurs, the owners of Laparkan expanded the company's services to include shipping of cargo on a large scale, covering several countries in the Caribbean, as well as the importation of motor vehicles, investment in a department store and a restaurant in Guyana. Laparkan also bought out the Bata Shoe company, which operated in Guyana and became a leading manufacturer of footwear in that country.

Entrepreneurs get ideas from things and people around them. They see an idea or an opportunity in a problem, get ideas from the news, from people as they travel on a bus, and a number of other sources. Entrepreneurs then put their ideas into practical applications, by providing products and services that satisfy the needs of others.



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<sup>1</sup> Sischy, Ingrid, *The Designer Coco Chanel*, Time 100: Artists & Entertainers, 1998, WWW



### Activity 5

#### Check your progress

**Question 1** Write your own ideas on the nature of creative thinking.

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**Question 2** State three differences between creative and convergent thinking.

i). 

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ii) 

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iii) 

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**Discuss your answers with your tutor.**



### Small-scale entrepreneurial endeavours

The characteristics displayed by entrepreneurs do not necessarily lead to the establishment of multi-national companies. There are small-scale enterprises operating locally, which as a group make significant contributions to their local economies. These include micro enterprises and small owner/managed businesses providing employment for up to 20 people.

Some of these enterprises were launched by entrepreneurs acting on one or more of the following:

- a perceived need in their communities
- a problem being experienced by individuals in a
- particular community
- emerging trends
- gaps in the services being provided by existing businesses



## Summary

**Creativity is the ability to bring something new or different into existence.** Creativity leads to new or improved products and services that satisfy existing needs or solve existing problems.

Creativity relies on divergent thinking, which is a breaking away from the old way of thinking, and the willingness to explore new ways of doing things.

Convergent thinking is a logical way of thinking. Things are viewed in sequence. It is a conventional way of thinking (i.e. it focuses on the old way of doing things). However, it acts as a complement to creative thinking, in that it is often worthwhile to examine old practises in order to generate new ideas about how they can be done.

The success of entrepreneurs is enhanced by their ability to apply creative skills to ideas and to convert these ideas into workable business activities.



## Assignment No. 9.2-2

### Unit 9.2 Characteristics of Entrepreneurs

You are now required to do the Assignment 9.2 –2 that will be found at the end of this unit or distributed by your tutor.



## Section 3



### The Impact Of Creativity On The Entrepreneurial Process

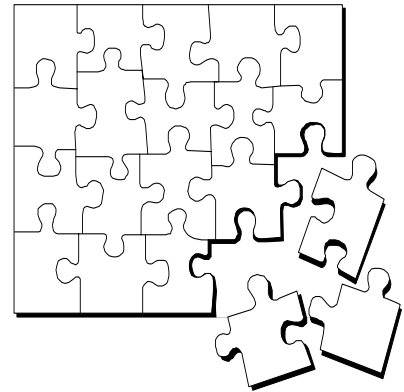
In the previous section you explored the nature of creativity and examples of entrepreneurial activities. In this section you will look at indicators of creativity and examine the impact of creativity on the entrepreneurial process.

#### Indicators of Creativity

As stated in the previous section, creativity is the ability to generate new ideas.

The creative person displays a number of skills and characteristics. Some of the indicators of these characteristics appear below. Creative people are:

- Open to new experiences: they will seek out and accept new challenges.
- Observant: they see things in unusual ways and will quickly identify opportunities.
- Curious: they seek to find out why things occur the way they do and the effects of these occurrences.
- Problem-solvers.
- Independent in their actions and the way they think.
- Resourceful: able to generate a number of ideas.
- Have no fear of failure or rejection.
- Able to focus and concentrate for extended periods.



#### The Entrepreneurial Process

The entrepreneurial process can be described as the combination of forces that result in attitudes and actions that lead people to see and act on opportunities. It includes the generation of business ideas, their assessment, planning and implementation (i.e. launching, managing and expanding an enterprise).

## **Creativity: its impact on the entrepreneurial process**

There is no doubt that creativity is critical to the survival and growth of a business. Creativity not only helps in the generation of business ideas, it also enables the entrepreneur to arrive at solutions to problems the business will encounter.

We will now discuss how these creative skills and traits assist the entrepreneurial process in areas such as business idea generation, business planning and business management.

### ***Business idea generation***

Entrepreneurs generate ideas from various sources. They see ideas in the things around them. They get ideas from talking to people, from reading publications and from observing trends.

In many instances, other people overlook these ideas. Entrepreneurs are able to see these ideas because of their creative skills and traits; that is, their openness to new experiences, their tendency to be observant, their curiosity and their freedom from fear of failure.

*Michael Reid discovered that working parents in his community had to take their children to Day Care Centres, which were located several miles from the community. These parents were experiencing difficulties because of transportation delays that often led to their being late for work. He decided to start a Day Care Centre in the community. Later, he spotted another opportunity to include a pre-school unit. Today the Day Care Centre is generating high returns on his investment and the needs of the parents are being met.*

*In another instance, Roving Lawn Mowers Limited was started by Grace Anderson as a result of a problem she experienced. She found it was extremely difficult to find a gardener who would provide an efficient lawn mowing service on a timely basis. After a year of searching, she decided to conduct a survey to determine how many people in her neighbourhood were facing the same problem. The results indicated that a large number of people were willing to contract the service to a reliable company, as they too were facing difficulties. Grace became the successful owner of Roving Lawn Mowers Limited. She has since expanded the service to provide a complete range of gardening services.*

In the case of Michael, a problem being experienced by others was transformed into an opportunity. In the case of Grace, a personal problem gave rise to an opportunity. In both instances, it took creative minds to view the problem as an opportunity. In the case of Grace, she responded positively to a personal challenge. The expansion and growth which subsequently took place in both businesses were the results of observant, enquiring minds, seeking for opportunities to improve what they were already doing. Neither of these people was hindered by the fear of failure.

Another important consideration is the fact that whereas the entrepreneur is able to creatively generate a large number of business ideas, these ideas are not the same as business opportunities (i.e. workable business ideas). Creativity also has to be applied in converting the ***business idea*** into a ***business opportunity***.

### ***Business Planning***



Planning is the Key!!

Research has shown that many businesses fail in the first few years of start-up. One of the contributory factors is the failure to realistically assess the business opportunity and determine the resources needed to successfully launch and operate the business. Although this information can be gleaned from careful research, it is in some instances also a matter of trial and error, that is, you begin to find out what is needed and where the gaps are, as the business unfolds.

Creativity plays an important role at this stage of the entrepreneurial process. It is the ability to identify the resources needed, alternative sources from which they can be obtained, and how to tap into these sources that can make a difference between success and failure.

### ***Managing the Business***

Anyone can start a business. However, relatively few people can survive the teething pains that new businesses generally encounter and take the venture to a position of growth and success. A business can be likened to a relationship... it is often easy to start but takes a lot of hard work to keep it going. According to George Bernard Shaw, *"Anyone can start a love affair, but it takes a real genius to end one successfully"*.

A business often encounters several problems as it operates from day-to-day, and it is often the creativity of the entrepreneur in responding to these problems that will determine the success or failure of the

business. These problems include those related to production, marketing, finance and personnel, as indicated below.

|            |  |
|------------|--|
| Production | e.g. problems of efficiency and quality as well as difficulties in acquiring raw materials |
| Marketing  | e.g. declining demand for the product and increased competition                            |
| Financial  | e.g. inadequate cash in the business and increases in costs                                |
| Personnel  | e.g. low productivity and industrial action  |

Entrepreneurs who are able to find creative solutions to these problems will be winners. Those who are unable to solve these critical problems could find themselves struggling to survive or end up going out of business.

For instance, in the case where the business is encountering a decline in demand for its product, the smart entrepreneur would add new features that could revive demand for the product. A change in the way a product is packaged could also serve to revive demand. Alternately, the entrepreneur could introduce new services or products that could serve as complements to the existing product. For example, a business involved in repair and maintenance could add a pick-up and delivery service to make the original service (repair and maintenance) more convenient to its customers. People are often willing to pay a little extra for convenience!

In either of these instances, the entrepreneur would have turned the problem into an opportunity. A less creative person might have given up.

It is important to note that this kind of action requires flexibility and a willingness to depart from the old way of doing things (creativity). The identification of workable solutions requires someone with a propensity to solve problems. It also requires someone with a sense of vision, that is someone who will anticipate these problems before they actually occur and will plan to implement solutions that will avoid or minimise their effect.

Problems do not usually disappear overnight. The intense determination and the problem-solving nature of entrepreneurs (both creative traits) drive them to beat the odds and to find solutions.



Of critical importance is the fact that the entrepreneur must be willing to take the risk to make the investment necessary to bring about the desired change. In a nutshell, coping with the problems that occur in the day-to-day activities of the business requires creativity!



### **Strengths, Weaknesses, Opportunities And Threats (SWOT)**

There are many successful entrepreneurs, and they have achieved success in many ways. In order to enhance the chances of success, it is important for entrepreneurs to carry out a careful assessment using a structured approach that addresses the following:

- the strengths and weaknesses of the business opportunity
- the opportunities and threats to the potential or existing business
- their own strengths and weaknesses

This assessment can be carried out using a structured approach referred to as the SWOT analysis (i.e. **strengths, weaknesses, opportunities and threats**).

The technique simply requires that entrepreneurs list all the strengths, weaknesses, opportunities and threats as they relate to themselves and the business opportunity. These are then analysed to determine whether the strengths and opportunities (positives) outweigh the weaknesses and threats (negatives).

It is good for the entrepreneur to consider factors such as:

- the primary reason for being in business for yourself
- amount of risk capital available
- your likes and dislikes
- your skills
- amount of effort you are willing to expend
- inventory of business management experience and knowledge
- beginning full or part-time
- capacity to meet new challenges and commitments

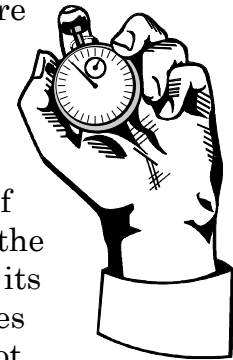
## ***The Business Opportunity***

The business opportunity needs to be assessed in terms of the strengths and weaknesses pertaining to market, input/resources, personnel, funding, location etc. The entrepreneur also needs to identify and list any opportunities relevant to that type of business, as well as any possible threats that the business could face, particularly from outside sources such as competitors, or unreliable suppliers.

## ***Personal Constraints***

It is sometimes said that people fail, not ventures. This statement underscores the view that the soft skills, such as creativity, risk-taking, determination and problem-solving, possessed by the entrepreneur are critical. It is equally important for the entrepreneur and those people managing the business to have knowledge of the industry and market in which the business will operate, as well as possess strong management skills. In the same way that a diver would not attempt deep sea diving without proper diving gear, so too the entrepreneur should not attempt to go into business without the required know-how.

Some people feel that factors of personal nature do not impact significantly on the success of a business. However, failure to determine personal constraints could lead to inappropriate decisions and ultimate failure. These constraints could include the time the entrepreneur will need to devote to the business, as well as the technical skills that will be required. For instance, in the absence of the entrepreneur and with a weak manager attending to the daily operations, the business could fall short of reaching its potential profitability. It is also possible that the idea does not fit into what the entrepreneur wishes to do, or does not enhance his/her status in the way desired. Failure to examine these issues could lead to discontent and ultimate failure.



To illustrate the importance of personal factors in the start-up and management of an enterprise, let us examine the following case:

*Two partners established a shoe manufacturing enterprise in a rural community. The business has a steady market and is making a reasonable profit. An independent survey indicated that the company could double its earnings if it relocated to the nearest metropolitan area 50 miles away. The partners decided to remain in their present location. When asked why, they both stated that their personal dream had always been to reside in a quiet countryside, and although the money was enticing, they were not prepared to change their present life styles.*

**Question:** In your opinion, if the partners relocated, what are the chances that they would maintain the same level of interest and involvement in the business?

Despite it being an important consideration, the entrepreneur should look at personal constraints after profitability has been determined, as the potential returns could override personal constraints.

Some specific factors to consider include:

1. Experience

- What skills, knowledge, experience do I have/will require in order to make this business work?
  - technical?
  - management?
  - communication?
- How will I acquire these skills?

2. Entrepreneurial characteristics

- Do I have the talents and attributes that can assist in the successful start-up, management and growth of the business?
  - drive, motivation and determination?
  - resilience and perseverance?
  - confidence?
  - leadership and creative skills?
  - a propensity to take moderate risks?
- How can I improve on these skills and characteristics?

3. Attitudes and demands

- Is this an area in which I have an interest?
- Will I be able to devote sufficient time to the business or will I need to employ a manager?
- Will I be satisfied with the level of earnings I can generate from this business?
- Will it enhance my status?
- Will I be comfortable with the life style demanded? For example, working late, constant travelling, etc.
- Is the idea on my list of priorities?
- Do I have a tendency to give up?

## Applying SWOT

- The answers to the questions outlined above can be listed under the headings:

STRENGTHS

WEAKNESSES

OPPORTUNITIES

THREATS

- The next step is to analyse each set of responses to determine whether the strengths and opportunities outweigh the weaknesses and threats.
- Determine what action needs to be taken to make improvements.



### Activity 6

1. Identify a business activity that you think could work as an income - generating activity within a technical/vocational school. Assume that you are asked to organise and manage this business opportunity,
2. Analyse this business activity stating the strengths, weaknesses, opportunities and possible threats.

Strengths: \_\_\_\_\_

\_\_\_\_\_

Weaknesses: \_\_\_\_\_

\_\_\_\_\_

Opportunities: \_\_\_\_\_

\_\_\_\_\_

Threats: \_\_\_\_\_

\_\_\_\_\_

**Discuss your answers with your tutor.**



## Summary

Creativity is an important entrepreneurial characteristic that assists the entrepreneurial process in terms of business idea generation, converting ideas into opportunities, business planning and business management.

Creativity is the tool that enables people to turn problems into opportunities, to improve and expand existing businesses.

Some major creative skills and traits include:

- openness to new experiences... new ways of doing things
- being observant
- being persistent
- freedom from fear of failure
- problem-solving
- resourcefulness

The SWOT (strengths, weaknesses, opportunities & threats) analysis is a useful technique for assessing a business idea as well as the personal strengths and weaknesses of the entrepreneur. The technique enables the entrepreneur to determine whether the strengths and opportunities outweigh the weaknesses and threats to the business venture.



## Assignment No. 9.2-3

### Unit 9.2 Characteristics of Entrepreneurs

You are now required to do the Assignment 9.2 –3 that will be found at the end of this unit or distributed by your tutor.

# Appendix 1

## Answers to Activities

### Activity 1 – page 8

Refer to notes on risk-taking (page 6-7) of this module

### Activity 2 – page 11

*Problem Statement:* Remember the statement is to be separated from its symptoms and causes. One way in which the problem could be stated is as follows:

“I would like to introduce some new delivery techniques among the classes I teach, but my supervisor will not allow me to”.

*Symptoms:*

1. The negative attitude of my supervisor (e.g. his expressed wish that I do not introduce these new delivery techniques and his insistence that I consult with him before introducing any new instructional aid).
2. Frustration being experienced on my part.

*Possible causes:*

1. The supervisor feels threatened because of his own limited knowledge in this area.
2. The school has a very autocratic structure.

### Activity 3 - page 19

Refer to the information on audiocassette.

### Activity 4 – page 20

Discuss your answers with your tutor.

### Activity 5 - page 22

Discuss your answers with your tutor.

### Activity 6 – page 32

Discuss your answers with your tutor.

# Assessment Instrument

## Module 9 – Entrepreneurship

### Unit 9.2 - Characteristics of Entrepreneurs

#### Assignment 9.2 - 1

The teacher trainee has successfully:

- ☐ Listed the six characteristics of entrepreneurs
- ☐ Described the characteristics of the entrepreneur interviewed (Unit 9.1)
- ☐ Outlined situations or events in which the described characteristics were manifested.







## Assignment No. 9.2-1

To be completed and returned to your tutor for assessment.

This is an open book assignment and you may refer to whatever references you have at your disposal.

**Name:** \_\_\_\_\_ **Due Date:** \_\_\_\_\_

### Question 1

List the six (6) characteristics of entrepreneurs

### Question 2

From the information you derived from the interview with an entrepreneur in Unit 9.1, write a report describing the characteristics that you believe assisted them to become recognised as entrepreneurs. Your report should include the following:

- a description of the characteristics
- for each characteristic described, outline situations or events in which these characteristics were manifested.

You are free to interview a second entrepreneur if you wish to cover this assignment.



# Assessment Instrument

## Module 9 – Entrepreneurship

### Unit 9.2 - Characteristics of Entrepreneurs

#### Assignment 9.2 - 2

The teacher trainee has successfully:

- ☐ Identified an example of a national or multi national entrepreneurial activity
- ☐ Describe the nature of the business
- ☐ Describe how the company evolved
- ☐ Identified the characteristics of the entrepreneur that contributed to the success of the business and justified this belief.





## Assignment No. 9.2-2

To be completed and returned to your tutor for assessment.

This is an open book assignment and you may refer to whatever references you have at your disposal.

**Name:** \_\_\_\_\_ **Due Date:** \_\_\_\_\_

Prepare a report to present at a seminar session on either of the following two options:

### Question 1

- 1.1 Identify an example of entrepreneurial activity that has led to the development of a national or multinational company.
- 1.2 Describe the nature of the business.
- 1.3 Provide a description of how the company evolved.
- 1.4 Identify the characteristics of the entrepreneur that you believe contributed to the success and explain why you believe this.

*You may use Microsoft as an example, using the book, "The Road Ahead" written by Bill Gates, as your resource.*

*Information on other multi nation companies, such as Ford can be accessed through libraries or via the Internet.*

*You may use quotations, providing they are adequately referenced.*

**OR**

### Question 2

- 2.1 Identify within your country an example of creative entrepreneurial activity at the level of self-employment.
- 2.2 Write a profile of the business (including the name, nature of the business, its location, nature of activities, length of time in operation and the number of owners.
- 2.3 Outline how the business was started, why it was established, its goals, and objectives and how it was financed.

- 2.4 Identify and describe one problem faced by the entrepreneur during either:
- the start up of the business OR
  - the day to day operation of the business
- 2.5 Indicate the symptoms and causes of the problem and state how the entrepreneur dealt with them.
- 2.6 Propose an alternative solution to the one employed by the entrepreneur.

*Your answer may be supported by diagrams, statistics and photographs.*

# Assessment Instrument

## Module 9 – Entrepreneurship

### Unit 9.2 - Characteristics of Entrepreneurs

#### Assignment 9.2 - 3

The teacher trainee has successfully:

- ☐ Selected a local entrepreneurial activity and outlined 5 creative skills or traits which were applicable to the activity
- ☐ Discussed how each skill or trait assisted the business
- ☐ Described how the company evolved.
- ☐ Nominated the creative skills or traits which would need to be present in a prospective entrepreneur to set up a small business in their own area of subject specialisation, describing the type of business and the product or service it would offer.







## Assignment No. 9.2-3

To be completed and returned to your tutor for assessment.

This is an open book assignment and you may refer to whatever references you have at your disposal.

**Name:** \_\_\_\_\_ **Due Date:** \_\_\_\_\_

### Question 1

Select an entrepreneurial activity that has taken or is taking place in your country. Outline five (5) creative skills or traits that are applicable to this activity.

### Question 2

In terms of the activity you have chosen, discuss how each of the creative skills or traits outlined assists the entrepreneurial process.

### Question 3

From your understanding of entrepreneurial opportunity and your own specialist area, list the creative skills or traits that you would need to have to be able to set up a small business, in either the formal or informal sector.

In your answer, briefly describe the type of business and the product or service it would offer.

*You may choose to use a specialisation outside your own field to answer this question.*