

Chapter 3 –Enterprise

Introduction

- **Enterprise** refers to any attempt to start or do something new. It is the ability to spot opportunities and to risk failure by doing something new to exploit them.
- **Entrepreneurship** is the process of identifying a need and filling it.
- Enterprise is found both **inside** and **outside** of a business.
- **Person who is enterprising outside a business is called an entrepreneur.**
 - An entrepreneur is a person who takes the initiative and risk(financial and personal (embarrassment etc) in setting up a new business or developing a new product (sees a niche/gap in market)e.g. Richard Branson (Virgin Group), Fergal Quinn (Superquinn). They bring 3 of the factors of production – land, labour, capital together through the 4th – Enterprise.
- **Person who is enterprising within a business is called an intrapreneur.**
 - An intrapreneur is enterprising within a business, finding new ways of solving problems, ways of saving money or ways or increasing revenue. See example matchbox factory

Enterprise should be examined in **its wider sense**. It affects all aspects of life. It can be relevant in your life in the following ways:

- ***Personal enterprise*** plays a central role in our success at work, study or leisure. It involves making decisions that affect our lives e.g. renting a flat, taking night classes, buying a house, joining a school bank etc..
- ***Business Start Up enterprise*** e.g. spotting a gap in the Market for a product or service, expanding a business.
- ***Community enterprise***: Local communities are full of people who show enterprise in their lives e.g. tidy towns organisations, establishing clubs or organisations.
- ***Public enterprise***: Incorporates a wide range of activities including decisions made by the Govt, TD's teachers etc. E.g. Setting up the Lotto, a teacher bringing a LCVF class on a factory visit etc.

Skills and Characteristics of Entrepreneurs:

- A **Characteristic** is a special attribute or trait that distinguished one person from another e.g. stubbornness, impatience, tidiness etc.
- A **skill** is an ability people have gained through practice or knowledge e.g to play football. Some people are born with them while others must develop them through training.

SOME CHARACTERISTICS OF ENTERPRISING PEOPLE:

1. **Independent** and like to work on their own. Don't like other people telling them what to do. They like reaching a goal themselves by using their skills to achieve this.
2. **Self Motivated**: Will work long hours to achieve their goal. They have good will power to keep doing something until it is fully completed. They have a positive attitude towards what they want to do.
3. **Flexibility**: They can change at short notice and are adaptable in their approach. They are prepared to deviate from plans if necessary.
4. **Ambitious**: Want to do well in life and business.
5. **Realistic**: They recognise their own limitations and seek advice when needed.
6. **Good analytical powers** enabling them to sum up situations quickly.
7. **Creative**: Always coming up with new ideas and schemes.
8. **Decisive**: They have an ability to act on the spot and a willingness to take responsibility for decisions. They are single minded in their approach.
9. **Self Confident**: They have self belief. They believe in the products or ideas that they create and have the confidence to make them happen.
10. **Risk Takers**: They are prepared to take risks and live with the chance of failing. While taking risks is a characteristic they have to learn the skill of moderating the risks they take.

Different types of people and risks:

- **Risk Avoiders** – Won't speak at meetings, fly on aeroplane – or go into business.

- **Risk Neutral** – Will only take a risk if there is a strong chance of success.
- **Risk Acceptors** – Those who will take a chance on a high reward even if there is only a slight chance of success.

Note: Entrepreneurs do not have to possess all of the characteristics listed to succeed. If they want to succeed badly enough and approach it in an organised way, then they will succeed. Different people may use different methods to do so.!!

SOME SKILLS OF ENTERPRISING PEOPLE:

Enterprising people must develop special skills that make them self reliant and effective. People who acquire these skills become the dynamic behind many businesses, clubs and societies.

1. **Inner Control:** The skill of taking charge of your own situation. Such a person must be proactive rather than reactive. i.e. take the initiative themselves rather than wait for others.
2. **Planning and Goal Setting:** Setting long and short term goals and targets. Plans must be drawn up to achieve these goals. An entrepreneur must be able to work out their own **Strengths** and **Weaknesses** as well as the **Opportunities** available to them and any **Threats** which might prevent the achievement of the goals set. This is called a SWOT analysis.
3. **Reality Perception:** The skill of seeing things as they are rather than how we would wish them to be. E.g. it is foolish for a boss to believe that his/her staff are happy if this is not the case. It would be much better to consult with them and take remedial action. This skill is acquired through practice. Similarly is foolish to assume customers are satisfied with a product when they are in fact not.
4. **Moderate Risk:** There are 2 different types of risk relevant to business – 1. The risk of losing money and 2. the risk of failure. Entrepreneurs try to moderate risks. I.e. They will only entertain a project if it has a reasonable chance of success and may undertake market research to improve the chances of success. **Only risk Richard Branson ever took was when flying his hot air balloon for recreation – huge evaluator of risks !!.**
5. **Innovation:** This means applying ideas whether borrowed or original to new situation. See example p57.
6. **Decision Making:** Deciding between 2 or more courses of action. This skill can be learnt. An entrepreneur must be a good decision maker, choices of alternatives must be considered, information must be analysed and a decision made and implemented. See types p58.
7. **Human Relations:** Skills needed to manage oneself and others. People can do courses in communications and psychology to improve their knowledge of this area These include skills like being able to manage and use **time properly, prioritising, managing the stress involved** in your work, **communication skills**, using **feedback skills** to see what is happening and to let others know what you see happening, **networking skills**, which means keeping in contact with others who can help in your work, persuading people to cooperate with you and do what you want them to do.

ENTERPRISE IN ACTION:

Enterprising people can be found not only in starting up businesses but in all walks of life. These places include:

- **In the home:** redecorating in a different way, renovating, planning a holiday, providing services for neighbours such as neighbourhood watch, moving the family from city to country.
- **In the school:** Involvement in the young scientist of the year exhibition, school tours, fund raising activity, teacher introducing new teaching methods, principal introducing new courses e.g. SPHE, CSPE, mini enterprises, school magazine production.
- **At work: Intrapreneurship**, which may involve finding new ways to answer consumer complaints for example.
- **In the local community:** Making the community a better place to live - Establishing youth clubs, clubs, fund raising for clubs, helping old or poor people, organising meals on

wheels.etc An example would be Fire-fighter Willie Bermingham who set up an organisation in Dublin to assist elderly people who lived alone called A.L.O.N.E

- **In the leisure area:** this can include taking up some task or activity which leads to personal fulfilment e.g. doing the ECDL qualification.
- **In Government Departments:** Many people are enterprising here as they search for new and better methods of dealing with complaints and requests for information. Also new leaflets published for the public on different areas
- **In the Public Service:** For example, new methods of fighting crime e.g. the Criminal Assets bureau was set up to target the assets of criminals rather than the criminals themselves. Also tax incentive schemes to encourage redevelopment of run down areas.
- **In Business Start Ups:** this can include copying ideas seen abroad such as setting up a fast food chain of hamburger joints to compete with franchises abroad or buying the franchise to introduce new types of businesses into the local market such as selling carpet, curtains or other home furnishings by bringing a wide range of samples to the home.
- **In developing businesses:** Increasing product ranges, finding new uses for existing products or finding new markets.

THE CHANGING ROLE OF THE ENTREPRENEUR.

- As a business moves through its life cycle the role of an entrepreneur will change.

- **New Business Start up-** Here an entrepreneur combines all the resources together to produce a good or service. A gap in the market must be spotted, research must be undertaken, finance obtained and business plan drawn up.
- **Medium sized business** – Here as the business begins to grow, the role of the entrepreneur changes. Now they will expand a firm's range of products, develop new uses for existing products and discover new ways of serving the market or growing the form.
- **Large Business** – Main on of the entrepreneur here is to expand the business into new markets and meet the challenge of maybe even turning it into a Transnational with branches in many countries throughout the world.

ENTERPRISE IN ACTION:

THE IMPORTANCE OF ENTERPRISE IN BUSINESS AND IN THE COMMUNITY:

Enterprising people in all aspects of local and national life can make the country a better place to live. Enterprise is vitally important in business life for the economic health and well- being of the country because:

- Enterprise **creates new business (Entrepreneurship creates Intrapreneurship also).**
- It also sees the possibilities for expanding existing ones.
- In turn **it increases employment.**
- In turn **standard of living improves** and consumer has **more choices** as they have more income at their disposal.
- **Creates Spin off** Industries e.g. transport and delivery.
- **Domino Effect ie.** Local pubs, shops, restaurants will benefit from the increased wealth etc.
- The wealth created by employment finds its way into bank and building society accounts and in turn this can be **leant to enterprising people trying to start or develop other businesses.**
- The government collects all its **tax revenue** from the success of enterprising people: PAYE, Income Tax, Corporation Tax, Vat etc. Recognising the importance of enterprise governments have directed more and more resources to funding enterprises which have the responsibility for promoting enterprise in business e.g. The IDA, Forbairt and Community Enterprise Boards.
- The success of enterprising people in creating and developing businesses attracts grants back to the country from abroad and helps the development and renewal of once dying.