

NEW CHALLENGES

ENTREPRENEURSHIP: FOUR BIG QUESTIONS



**JUAN
ROURE**

Professor of
Entrepreneurship, IESE
Business School

Entrepreneurship is more relevant than ever. Many see it as the only way to put the current crisis behind us and move towards better times. Professor Roure reflects on four key aspects of the process.

IS AN ENTREPRENEUR MADE OR BORN?

● Entrepreneurs may well possess
● certain innate qualities that enhance their development. But it's also true that there are a number of common variables related to the environment, internal company characteristics and the profile of entrepreneurs, themselves, that are crucial for entrepreneurship to flourish.

In short, although there may be some inborn qualities that make for a successful entrepreneur, there are also decisive conditions which can be nurtured to create a fertile breeding ground for entrepreneurial activity.

There are entrepreneurs of all ages and walks of life. Many home businesses have achieved exceptional levels of success. Their journey has been long and difficult, and their founders' healthy ambition and desire to grow at all times seem to play a vital role. The ambition to create a company appears to be influenced by a range of factors such as opportunities and resources, as well as by available means.

However, regardless of the opportunities and resources available, if there is no ambition, the project cannot develop and grow. The ability of the entrepreneur and his or her team to build an entrepreneurial culture – as part of an ambitious vision of the project - focused on opportunities and growth comes into play quite naturally at this stage.

WHERE ARE THE OPPORTUNITIES AND HOW SHOULD THEY BE FOCUSED UPON?

● There are various myths
● regarding opportunities. One myth is that they are found in rapidly growing emerging sectors that are currently in vogue. In reality, winning entrepreneurial teams can be found in many sectors and they tend to focus sharply on those activities that they know well.

Another myth associated with launching a new venture is that you must have a singular, brilliant idea and stick with that. Again, in reality, entrepreneurs identify, copy and buy viable ideas that others can develop. Finally, there is the trap of the large market. Many entrepreneurs fall into this one. They erroneously assume that "their market" is vast, homogeneous and measurable and so they focus on reaching a small part of this large market. Falling into this trap leads to a huge oversight since, in defining your target market, you will have ignored the expectations and preferences of customers in relation with the business proposition, along with potential opportunities that could come from diversified demand.

One way of avoiding this trap is to identify or create "gaps" inside the large market where you can play a significant role, and where potential clients appreciate to a greater extent the value propo-



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sition of your project. This helps clearly define your activity, business model, product and service, as well as introduce and define your value proposition.

Given that we are talking about companies in the launch phase, credibility in the eyes of possible customers or investors is a crucial factor. Particularly in the initial stages of the project, the business proposition should center on the client more than the market. To carry this out, it is critical to define where one wants to go (segment identification) and where one wants to operate (segment prioritization). The third link consists of “concentrating on the focus,” that is, selecting the segment that the firm will center its value proposition upon once the project has been launched.

IS THERE A SOCIAL MODEL THAT FOSTERS MORE AND BETTER ENTREPRENEURS?

- A high level of entrepreneurial activity in a country or region is linked to a high rate of business creation, large numbers of emerging entrepreneurs and high business turnover. According to reports by the Global Entrepreneurship Monitor, entrepreneurial activity in Spain is about average for European countries, although we lag far behind countries like Brazil, China and the United States, which are renowned for their high index of entrepreneurial activity. The most innovative countries in the European Union are the northern economies: Finland, Sweden, Denmark, the Netherlands and the United Kingdom.

It is difficult to ascertain the causes for low entrepreneurial and innovative activity in a country or region. We can explain it in terms of the degree of citizens’ aversion to economic or financial risk and the consequent stigma associated with failure. However, the fact that Europe lags behind the U.S. in this regard is an indisputable fact. The emergence of the so-called “entrepreneurial model” in the U.S. has been associated with the existence of a highly competitive environment resulting from a large market, a limited role of government in the economy, access to capital, availability of technology and, perhaps most significantly, the establishment of a strong entrepreneurial culture.

In contrast, in Europe the dominant cultural and social values regarding the pursuit of opportunity and entrepreneurship continue to fuel negative attitudes towards failure, which affects all facets of risk management and its consequences. In the U.S., the “best and brightest” generally welcome the idea of becoming entrepreneurs. Here, everything is a bit more complicated because there is no culture of entrepreneurial support, either in the family, at school or at university. Also, the time needed to register a company or a patent is still considerably longer than in the United States. We must be able to tackle the stigma of failure in Europe. It is one of the key challenges we have to overcome if we are to compete successfully on a global scale. Failure is part of the entrepreneurial and innovation culture. Accepting it can only make us stronger, not weaker.

ARE ENTREPRENEURS IN CRISIS DURING TIMES OF CRISIS?

- This period of economic recession has led to a new generation of entrepreneurs. For example, if we look at the 50 projects that have been presented in the eight Business Angels and Family Offices Network forums in the past year, we will see that the quality of business plans has increased significantly. This may reflect to some extent how the economic crisis is generating a wave of entrepreneurial initiatives.

For many in professional fields, entrepreneurship is also a window of opportunity which would not be possible by means of a standard job. In practice, looking beyond the economic cycle, the current economic reality is that we live in an “economy of entrepreneurs” who come in all shapes and sizes. These include visionaries that start out in their garage, people with experience in the ‘real’ business world who launch a ‘virtual’ platform offering something that is attractive and beats anything on offer even in the real world, and entrepreneurs who buy up floundering companies with the goal of creating their own.

It is very difficult – if not impossible – to return to pre-crisis conditions, which is why it’s so important not only to understand what is happening, but to seize the opportunities that emerge, here and elsewhere in the world. Entrepreneurship is the key.