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Introduction

Entrepreneurship and New Venture Creation

Entrepreneurship and New Venture Creation is an intriguing topic that attracts a lot of attention not only as academic discipline but also from the general public and the media. Being or becoming an entrepreneur is the dream of many. The dream to escape the everyday drag of working for someone while making ends meet. Entrepreneurship is about freedom and doing your own thing the way you like it, without reporting to anybody. At least this is the perception most people have when they start the dream of being an entrepreneur and live the lifestyle of the rich and famous. This glorious outlook on life is not only a dream but a lifestyle of choice for many. The lifestyle focuses on the reward of a winning entrepreneurship enterprise. Many want to be entrepreneurs focus less on how to create a new successful business venture. Their focus is on the quick and easy business the get rich quick scam. But let us explore first what is Entrepreneurship? One has to look at entrepreneurship from an academic standpoint and learn the theoretical underpinnings of entrepreneurship. The study of entrepreneurship has evolved over the years and there exists a rich body of literature on explaining the phenomena of Entrepreneurship and developing theoretical models, of how entrepreneurship works. It explores the various phases of entrepreneurship, from a business idea to a business concept. From the business concept to making the business venture a reality. It takes money to make money. One important topic is how to get the resources to start a business, the seed money and the money to keep the business afloat. But it takes more than money the most valuable asset are the people and the entrepreneur himself. Many misunderstand what it takes to be an entrepreneur. They worked for a boss and always criticized the boss for not doing a better job without being able to offer solutions to the problem. When you are an entrepreneur, it seems nobody is helping you and everyone is against you. So you need to have the strength to keep going we will take an in-depth look into what it takes to be an entrepreneur. One can learn from successful entrepreneurs the likes of a Bill Gates, Steve Jobs, Mark Zuckerberg or even more controversial persons like Henry Ford and Donald Trump.

What do they have in common? What made them great? Why did they succeed and others not? Is it luck and happenstance or is there something you do to be successful. One has to understand the entrepreneurship model and the various processes to follow. In short it can be summarized in writing a business plan. A business plan has many components that we will explore step by step. The first page is the executive summary; this is the one page to sell your business to potential money sources. The executive summary should be to the point as most venture capitalists will only skim over it and it either catches their attention or it is just another business idea like millions of others. The business plan needs the financial forecasts to support it. Not only income and expenses are important, but cash flow. Cash flow problems can kill a business even so it is making money. These predictions are often based on another plan the marketing plan. In the marketing plan we describe the marketing mix, the four P of marketing, product, price, place and promotion. What is your product how is it different from the competition does it fulfill a need, how long will it last until somebody else copies you, what are your means of protection? Price is an interesting issue, many companies compete on price which is a bad strategy, and there will always be somebody who is cheaper than you. Initially your price may be low but with a growing business comes growing overhead. Place is the place where you sell your product or do business this may not be as obvious as it sounds there are choices on location which come with a price tag. Location convenient to you maybe you start in your garage like Steve Jobs or you select a location which has a lot of traffic and walk-in customer. Location often depends on the nature of the business. With the location come also local rules and regulations. Promotion in form of marketing and sales personnel, what are your promotion strategies, how much can afford to pay for promotion, how extra promotion will impact your sales. What are your paybacks on money you may not even have? This brings us to the next question how will you finance this venture, where does the money come from the obvious money sources are your own savings, friends and family. But these resources have limits. Then there is the obvious the bank and other financial institutions. The next step is seed money from venture capitalists who want a part of your business why you do the hard work and have yourself at risk. We will look in detail of financial solutions to financial problems. The next issue one will face is the issue of the type of business ownership which ranges from proprietorship, to partnership, to corporation and the dream of all a publicly traded company. With the type of ownership come legal and tax advantages and disadvantages. The question is how much risk you are willing to take or share. How much control do you want to retain over your company. Having

addressed these issues it is time to look for staff, as you will not be able to do it all yourself. The human resources are a big issue even in countries like Thailand where you can get staff for a relatively low cost, but it may cost you at the end as you pay for their mistakes. The question is do you want to hire experienced staff or you hire them yourself. There are pros and cons on both sides, depending on the tasks at hand. Now you have all the things in place to start the business, and you can decide on a soft-opening or a grand opening with all the glamour and show as you always see. After the honeymoon comes the actually daily task of running the business, this is the toughest thing to do. How to manage the business on a daily basis and make strategic decisions that will result in the growth and survival of your business. Only one out of ten new businesses makes it past the first year leave alone how many make it the first decade. You can plan the start but then real life takes over and things happened you never planned for. The economy is one thing which is out of your control. In tough economic times only the best will survive. There are lessons you can learn from the entrepreneurship theory and the case studies in this book. Lessons of what to do and what to avoid, but there is no guaranteed recipe for success. The only thing certain in life is change and you have to be ready to change with the times. The resilient entrepreneur has a better chance, the one who gets up again and again after he has been beaten to the ground by various circumstances. The one who endures the bad times and sticks to his values and make every minute count and is not afraid to burn the midnight oil. Being an entrepreneur is not as glamour at it looks, it is more than fast cars and nice houses it takes hard work and dedication. The topic entrepreneurship can not only be approached from a practical hands-on approach for those interested in starting a new venture. But entrepreneurship is also an academic discipline that has its own body of literature and theories and models that try to explain what is going on in entrepreneurial enterprises and in the mind of the entrepreneur. These theories often focus on entrepreneurs from first world countries and predominantly from the United States of America. There is a whole new research opportunity looking at emerging markets. Why Thailand is not an emerging market, it is far beyond it may fall in this category from an academic standpoint, which one can argue about. Having this said there are large potentials in the countries surrounding Thailand, namely Myanmar, Laos and Cambodia and in a distance Vietnam. Studying these countries and looking how the existing western models can be adjusted is a very waxing research venture with high rewards possibilities not only material but also in form of SCOPUS indexed journal articles. Entrepreneurship is a global phenomenon with a local touch. Think global and act local may be the

theme for those who want to join the ranks of entrepreneurs. Not only the traditional form of entrepreneurship but also political, social, environmental and humanitarian entrepreneurship. The scope of entrepreneurship is ever changing over time from the industrial age to the digital age. There is no good time and no bad time to start to become an entrepreneur, or to do research on entrepreneurship as it is an evolving topic with many facets and an never ending fascination with being an entrepreneur and the lifestyle associate with it. Values and rewards are changing but not the satisfaction of being an entrepreneur and starting a new venture

Foreword

Entrepreneurship and New Venture Creation

This book on Entrepreneurship and New Venture Creation has been designed to serve as text book for undergraduate business students to give them an introduction to entrepreneurship. The book serves a dual purpose of making the student familiar with the theories of entrepreneurship and secondarily also shows those who are interested in becoming an entrepreneur and create a new venture how to get started. Today's business students learn the theory first and gain hands-on knowledge during their CO-OP experiences or internship. It is therefore necessary to make these learners familiar with the real world by means of text books and case studies that are relevant and offer a real life perspective. Entrepreneurship is a fairly young academic discipline similar to marketing a few decades ago. Entrepreneurship therefore still is in the process of developing its curriculum structure and content and desired learning outcomes of the various courses especially under the Thai Ministry of Education. There is significant overlap of the various courses as there has not yet been a clear categorization of what should be taught in what course. In other words, the division of entrepreneurship into subject matters still needs to be developed over time. Entrepreneurship can be divided into certain functions that are required to start a business. These functions may even have a required flow to them when it comes to a business venture creation. One important part of getting started is the business idea, the concept and how it is converted from an idea into a business model. The next part is deciding on the legal structure of the business, if it is a proprietorship, a partnership or a corporation. After these decisions are made it is time to develop a business plan. The business plan is used as a game plan and to raise money for the venture. An entire course can be spent on writing a successful business plan and its components. Part of the business plan is the marketing plan that focuses on the four Ps of marketing. Product, price, place and promotion need to be addressed in this plan and this can be a special marketing course for entrepreneurs. The topic or course is finance, how can you finance this venture, this also requires a financial plan

including sales forecasts, income statements, expenses, profit and loss statement, cash flow forecast income statement etc. Basically, a finance course combined with managerial and tax accounting or if time allows it separate course. These are not easy courses but they are required to make it work otherwise it is just theory. An easier but not less important topic is human resources, hiring, training, managing and firing people. There may be a separate course on the personal characteristics of successful entrepreneurs and case studies analyzing their success stories. An important course is on business law covering all the legal issues associated with starting a business, reaching from incorporating the business, and signing an office lease and purchasing and registration a vehicle to employment contracts and tax law. Copyrights, patents and environmental protection agency regulations are other important issues which cannot make a business but certainly break a business startup and stop it in its tracks to success before the first million is made, and a lawsuit for a minimum of a million dollars is filed in court. Students have a lot to learn if they want to be an entrepreneur, mistakes not only will cost them an A in the class but will cost them dearly in real life. The Entrepreneurship course has another component and that is the theory of Entrepreneurship and how this academic field has evolved over the years. Entrepreneurship as a economic and business theory, that sheds light on the important and waxing topic of entrepreneurship. This starts with the definition of entrepreneurship and continues with the various models of entrepreneurship and forms of entrepreneurship including environmental entrepreneurship, humanitarian entrepreneurship, social entrepreneurship and political entrepreneurship. The theory also looks at the context of entrepreneurship and the gender issues and minority status and entrepreneurship in the past, prescience and future.

Entrepreneurship Course(s)

- Entrepreneurship – Theories and Models
- Entrepreneurship Types
- From Business Idea to Business Concept
- Forms of Ownership
- Business Plan
- Marketing Plan
- Finance Options
- Human Resources
- Legal Issues

About the Author

Dr. Adisak Suvittawat

Assistant Professor. Dr. Adisak Suvittawat received his first degree in Agricultural Science from Khon Kaen University, he also holds a Master of Business Administration from Ramkhamhang University Bangkok, and a DBA. from the Asian Institute of technology.

Dr. Adisak has numerous publications in peer reviewed journals and conferences as well as several book publications. He received large amounts in research funding from various government and industry sources and has an active research agenda related to logistics and entrepreneurship. He has taught and conducted research at Burapha University and Suranaree University of Technology and has guest lectured around Thailand and the world and helped to establish logistics departments in Indonesia and Thailand.

Dr. Adisak industry experience ranges from researcher, sales and marketing, product/project manager, country manager working with companies like Monsanto and Sinochem in Asia, Europe and the USA.

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