

Discussion 2 emba 530 innovation: student replies

[Business](#)



Lloyd Mangrum Lloyd expressed an interesting observation in his post, that there is no such person as an entrepreneur, but only people who act entrepreneurially. In one sense, one could understand where this statement is coming from. There are indeed attitudes and behaviors which may be termed “entrepreneurial.” However, I think this is speaking broadly and non-categorically. There are such people as “entrepreneurs,” conventionally speaking, and these are the people who do start their own businesses. One who acts “entrepreneurially” is not necessarily an entrepreneur, they only exhibit characteristics that are commonly attributed to entrepreneurs. But unless and until they do put their resources and efforts into building their own enterprise, no matter how entrepreneurial people may appear to be, they will never be entrepreneurs. Thus, the term deserves its place in the lexicon of business terms.

Also, the statement “not all entrepreneurial people take risk, but manage risk with experience,” needs clarification. All entrepreneurs take risks, because they put up their own resources. What they do not do is take risk recklessly, or gamble with risk. The fact that entrepreneurs manage risk is that they do take the risk, but they take informed risk, risk that may be tempered with judgment and action (Hansen, 2011). The higher gain garnered from venturing into enterprise is commensurate to the higher risk assumed by the entrepreneur. On the other hand, managers may manage risk, and may appear to be entrepreneurial. However, they are not entrepreneurs unless the resources they are managing are their own.

Professional managers receive salaries, and sometimes manage the shareholders’ risks carelessly because the risk is not their own. This is the case with the moral hazard situation that prevailed in our banks during the <https://assignbuster.com/discussion-2-emba-530-innovation-student-replys/>

financial crisis. When the banks went bankrupt, shareholders suffered huge losses, but the managers and executives got away with millions in salaries and bonuses (Hoflich, 2012).

Reference:

Hansen, D. (2011) 'What Great Entrepreneurs Have In Common.' Forbes. 30 July 2011. Retrieved 23 January 2013 from <http://www.forbes.com/sites/drewhansen/2011/07/30/what-great-entrepreneurs-have-in-common/>

Hoflich, P. (2012) Banks at Risk: Global Best Practices in an Age of Turbulence. Hoboken, NJ: John Wiley & Sons.

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Student 2: Cody Meeker

One statement in Cody's post expresses an apparent truth which is seldom recognized – that many proprietors set up their businesses as a 'lifestyle business,' and are not designed from growth, either rapid or gradual. This would explain the great number of mom and pop enterprises that are set up in backyards and passed onto children for generations (e. g., 'I am a barber, my dad was a barber, his dad before him was a barber,' or 'This bed and breakfast was started by my grandmother and now I run it'). Even today, there are entrepreneurs who elect to keep their businesses small-scale even when there are opportunities to expand and create more profit. This is perhaps the greatest proof that it is not the principal goal of business to earn maximum profit. Rather, the principal goal of business is to transform resources into goods and services that are of value to customers; the profit is but the 'entrepreneurial reward' for the value created, the residue after land, labor and capital (Moschandreas, 2000). Many times, the business serves principally as the entrepreneurs' occupation at which they could

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employ their skills and seek fulfillment (their 'lifestyle').

I take slight exception to the statement that most experts are taught to become entrepreneurs, proven by the proliferation of university courses. However, I do agree that entrepreneurs are not born. Rather than distinguish between being born and taught, I believe that one is born into the culture of entrepreneurship and taught by his parents. One may learn the techniques of successful entrepreneurs in university, but the entrepreneurial attitude is a vital ingredient that comes either from the person's nature or his cultural upbringing. There are many successful entrepreneurs who had no formal training but grew up learning the trade from their parents. The entrepreneurial attitude was developed in them more by living out the lessons rather than taking notes in the classroom. It is not the sole factor, but the right blend of "greed" and "fear," which could not be taught in class, that is a crucial factor that determines success (Sahlman, et al; 1999; Duhl, 2000).

Reference:

Duhl, L J (2000) *The Social Entrepreneurship of Change*. Putnam Valley, NY: Cogent Publishing

Moschandreas, M. (2000) *Business Economics*, 2nd edition. London: Thomson Learning

Sahlman, W. A.; Stevenson, H. H.; Roberts, M. J.; & Bhide, A. (1999) *The Entrepreneurial Venture*, 2nd Edition. Harvard Business Press