

Questions every entrepreneur must answer -summary essay



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The questions every entrepreneur must answer Preface Entrepreneurs must continually ask themselves what business they want to be in and what capabilities they would like to develop. The Entrepreneur must distinguish critical issues from normal growing pains (divide and conquer). The options that are appropriate for one entrepreneurial venture may be completely inappropriate for another.

The article's suggested framework: The first step clarifies the entrepreneurs' current goals. The second step evaluates their strategies for attaining those goals. The third step helps them assess their capacity to execute their strategies.

Clarifying the goals: where do I want to go? Before they can set goals for a business, entrepreneurs must be explicit about their personal goals. A. What kind of enterprise do I need to build? Long term sustainability does not concern life-style entrepreneurs or entrepreneurs looking for a quick profits from in-and-out deals Long term sustainability matters greatly to entrepreneurs who hope to sell their business eventually, and to those who want to build an institution that is capable of renewing itself through changing generations.

What risks and sacrifices does such an enterprise demand? . Many years may pass before any payoff materializes. Can I accept those risks and sacrifices? Progress Software Corporation (Family was a big part of the strategy they chose). When entrepreneurs have aligned their personal and their business goals they must make sure that they have the right strategy.

Setting Strategy: How will I get there? Entrepreneurs must make the

transition from a tactical to a strategic orientation so that they can begin to build crucial capabilities and resources. Entrepreneurs should periodically put their strategies to test (the following four questions).

Is the strategy well defined? An entrepreneur who wants to build a sustainable company must formulate a bolder and more explicit strategy. The strategy must embody the entrepreneur's vision of where the company is going instead of where it is. The strategy must provide framework for making decisions and setting the policies that will take the company there. To be useful, strategy statements should be concise and easily understood.

Strategy that is so broadly stated that it permits a company to do anything is tantamount to no strategy at all. Can the strategy generate sufficient profits and growth?

The failure to earn satisfactory returns should prompt entrepreneurs to ask themselves tough questions such as what is the source of our competitive edge? Disappointing growth should also raise concerns such as is the market large enough? Businesses based on an entrepreneur's willingness to work hard usually confront other equally determined competitors. Entrepreneurs who are stuck in ventures that are unprofitable must take radical action. They must find a new industry or develop innovative economies of scale or scope in their existing fields. Is the strategy sustainable?

The issue of sustainability is especially important for entrepreneurs who have been riding on the wave of a new technology. Wave riders must anticipate market saturation, intensifying competition, and the next wave.

Example- Vydec, a stand alone word processor, the partners could see that the days of stand alone word processor were numbered and sold their company. Entrepreneurs who start ventures by creating their own wave must build on their initial strength by developing multiple strengths. Brand new ventures usually cannot afford to innovate on every front.

Competitors will find it difficult to replicate systems that incorporate many distinct and complementary capabilities. Are my goals for growth too conservative or too aggressive? Setting the right pace is important-too fast or too slow can lead to a fall.

Executing the strategy- Can I do it? Great ideas don't guarantee great performance. Entrepreneurs must examine their resources, their organizational capabilities and their personal roles, to evaluate their ability to carry out their strategies Do I have the right resources? The lack of talented is often the first obstacle.

After the venture's initial period entrepreneurs should be ambitious in seeking new talents. Should I, with my personal attachment to the business, make termination decisions or should I bring an outsider? For new venture to survive, some resources that initially are external may have to become internal.

How strong is the organization? an organization capacity to execute its strategy depends on its organizational structure and on its culture and norms. A venture's growth rate provides an important clue to whether the entrepreneur has invested too much or too little in the company's structure and system.

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When a new venture is growing at a fast pace, entrepreneurs must give new employees considerable responsibility and monitor their finances very closely. Culture determines whether an organization can cope with crises and discontinuities of growth.

Can I play my role? Entrepreneurs have to manage as if the company is on the verge of going under. Few successful entrepreneurs ever come to play purely visionary role in their organization. Leaders seek ever increasing impact from what they do