

Entrepreneurs
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Entrepreneurs are risk takers; they develop businesses by taking on financial risks in the hopes of making profits, following their personal dreams and achieving success. They are driven by the ambition of transforming potentially profitable ideas to successful businesses. Entrepreneurs have a colossal amount of responsibilities; they lead a team of people working towards a mutually beneficial goal while integrating their diverse talents and expertise.

Entrepreneurs are in charge of important decision making that determines the success and reputation of their company. Additionally, they are in charge of guiding people in the organisation towards a shared vision in order to effectively achieve the objectives of the business. Successful entrepreneurs tend to constantly evolve by acquiring relevant skills and knowledge which they obtain through time, decision making and experience.

Entrepreneurs usually aim on achieving success for their business while gaining profit. Nobody wants to fail; avoiding failure is generally a priority for any business or individual. But often times, the risks taken and the decisions made might not pay off. Failure in life is inevitable; especially in the life of a business where several risks are taken. Entrepreneurs might face failure in the life of their business when decisions and ideas do not work out as planned and the financial risks that are taken do not pay off.

This can be incredibly discouraging as so much effort and time of the whole company is put into executing the idea. The combination of hard work and a lot of time are given by the entrepreneurs themselves as well as other stakeholders. Oftentimes after witnessing failure, entrepreneurs start fearing

the chances of being unsuccessful again. This can lead to unwillingness to take risks and to get out of the comfort zone. However, risks often times brings in success when the idea is executed effectively. It is often believed that failure is a pivotal part of growth. It is a lesson which if learnt effectively, can be used to identify the mistakes and problems in order to not repeat them in the future. As said by Bill Gates “ It is fine to celebrate success but it is more important to heed the lessons of failure.

” To take notes of what might have caused a decision or idea to fail involves a key characteristic for an entrepreneur- resilience. Resilience is the ability to recover quickly from difficulties and misfortune. It is the toughness that enables an individual to bounce back from a bad situation. In order to recover from a failure, resilience is a valuable characteristic required by an entrepreneur. According to Forbes, there is a 80% failure rate for entrepreneurs starting their business within the first year. As reported by Small Business Trends, 50% of enterprises fail after the first 5 years. Statistics often report various results which are sometimes contradictory but often holds the truth at times. What causes new entrepreneurs and their business to fail? There are a variety of reasons as to why that would happen.

As reported by Forbes, a lack of a refined business plan could be an enormous source of failure for a new business. It is the lack of precision when constructing a plan that could lead to confusion and act as a barrier when transforming ideas into reality. Another reason that could play as a source of failure for a new business is the lack of a revenue model.

Generating revenue is a primary objective for any business to achieve in order to cover the costs, even for a non-profit business.

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Using an appropriate revenue model for the business can reduce chances of failure. An inexperienced team can also be a key factor which can lead to failure of a business activity, it is the responsibility of the entrepreneur to lead a team of people who share the same goal. However, if the entrepreneurs themselves are inexperienced it can be problematic to lead a team of inexperienced people and an entire organisation. It is preferable to have a business partner who is experienced and has done it all before leading an organisation of people.

Too many competition can be an obstacle for an enterprise in their initial stages. Standing out can be a very difficult task amidst businesses that offer similar products. Financial sourcing can be another issue as cash flow can be tricky, cash needs to be managed efficiently or else it can be very difficult to keep the revenue flowing. Other factors such as lack of traction channels and lack of execution skills can increase the chances of an organisation failing. Giving up too early is also a very huge determinant, as a lot of entrepreneurs shut down their business way too early after facing failure. There are many famous entrepreneurs who have faced failure in the life of their business, but rose above the set back by being resilient.

Steve Jobs was fired from Apple Inc, the company that he had founded. He had encouraged the development of the products Apple I and Apple Lisa which led to Apple losing billions of dollars. This led to the firing of Steve Jobs from the company that he had created. However, he was hired back into the company in 1997 and the rest is history. From then on, he led the company through a period of expansion and to the development of the revolutionary Iphone to name only a few of the innovative ideas he helped develop. Jeff <https://assignbuster.com/entrepreneurs-colossal-amount-of-responsibilities-they-lead-a/>

Bezos, the founder of Amazon initiated ideas that did not pay off in the initial stages of the business.

In the early years of Amazon, a problem in the server enabled users to purchase a negative quantity of books that led to the customers to receive credit from the company. Jeff Bezos is one of the richest people in the world currently with Amazon being one of the most successful companies worldwide. Other famous entrepreneurs to have faced failure in the lifetime of their business who recovered with their persistence and resilience are Bill Gates and Nick Woodman. So how do entrepreneurs recover from failure and the frustration that follows with it? One of the primary ways of getting over failure is to not give up immediately.

It may be frustrating and scary to be in a situation, especially where there is an organisation and investors who are reliant on the entrepreneur. It is a difficult process to recover from misfortune, especially when it was not predicted or expected. It is not just wasted money, but also wasted time of the stakeholders who have put so much of their time and effort onto the project. When a startup fails initially, it can lose a lot of money. Being in a financial debt is a primary concern of the start up who has already been unsuccessful.

It is vital that the entrepreneur finds out how much longer the business can survive on the savings that they have, and if it is not enough a second source of income can be helpful. It is very important to be focused on the finances and to be aware of the cash flow that moves in and out of the company. The finances play a huge role in determining how fast the

company can recover from the failure and how quickly the new changes can be made. It is essential to have the right amount of capital to work on new changes and development while covering the costs incurred before. A budget should be made which should be followed accordingly in order to avoid cash problems later on.

It is also vital that the failure is accepted completely in order to move on from it. Following the stage of acceptance, a proper plan should be made in order to bring on change and the tasks should be fixed that could be contributing to the change. These tasks should be prioritised in order to bring about an actual change.

It is also preferable to get the assistance of a mentor, who will guide the organisation towards a clearer path by sharing their wisdom. The mentor can help transform an idea into reality through their clear plans of execution. By analysing what went wrong, repeating the same mistakes can be prevented. Identifying the mistakes of the past failure can reduce the chances of repeating them while a different approach can be constructed.

If the entrepreneur is in debt, it is essential that they cover the cost. Coming up with ways to recover from the failure and to move forward requires the characteristics of resilience. Determination and persistence is needed from an entire organisation in order to move on from a problematic scenario. A great understanding among the team is needed to work together the shared goal. However, it is the entrepreneur who sets the tone for the entire organisation which determines how they recover from it. When Yappn Corporation suffered an episode of failure, the CEO of the company David

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Lucatch came to the revelation that positive energy is contagious when dealing with the organisation as a whole. He also claimed that accepting failure is the key to transforming opportunities to reality.

He believed that as an entrepreneur and the leader of his organisation, he had to be an inspirational team leader to his employees. That way he was a source of inspiration and a team leader who set the positive tone for his company to transform a negative experience to a positive experience. Ben Lerer, the CEO of Thrillist Media Group claims that the best way to avoid failure in the first place is to recognise the definite moment when something does not seem or going right, it is advisable to fix it right there and then and to not ignore it. Resolving the problem as quickly as possible allows the plan to progress positively, overlooking the problem will only expand the problem and create more issues.

As noted by the previous examples, failure is a pivotal part of growth and expansion for entrepreneurs. In order to recover from a negative experience presented the lessons need to be learnt. The entrepreneurs who are capable of implementing the lessons to the next stage of their business and are willing to be persistent find success down the road. Failure can lead to the birth of new ideas that can lead to success. Referring back to the previous example of Steve Jobs and the failure of Apple I and Apple Lisa, which led him to be fired from Apple Inc.

and later making him into one of the biggest innovators in the world. He helped develop the Iphone when attempting to create the company's first touch screen prototype which eventually served as the model for the future

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Iphone. Steve Jobs saw the prototype and decided that he wanted to make a phone out of the model which led to the invention of the revolutionary phone. Therefore, the determination to succeed and persistence of Steve Jobs led him to become one of the greatest innovators in the world.

However, it is vital that entrepreneurs are aware of where to draw the line in terms of being resilient. It is not viable for entrepreneurs to be resilient after not doing enough research, even after the failure and making the same mistakes again. It will only set them up for further failure if they do not learn the lessons and keep making the same mistakes again while overlooking the problems. Entrepreneurs need to have a clarified vision and clear understanding of what the business stands for. Entrepreneurs often have biased ideas that they tend to overlook. There are three cognitive biases that entrepreneurs tend to have.

The first is the overconfidence in the knowledge they possess and the thought that they have everything they need. The overconfidence in thinking they have sufficient knowledge often leads to shortcomings and they need to understand that knowledge is buildable. It is vital that the business plan is reviewed effectively. The second cognitive bias that entrepreneurs often possess is the illusion of control. It is the illusion that entrepreneurs have sufficient control over the situation and over optimism that leads to think that any problem can be fixed. There are some things that are out of one's control. These variables are luck, socio-economic factors, environmental and political factors to name a few. And the third cognitive bias is the blind faith in small numbers.

This includes not researching enough when implementing an idea, and using only a small amount of information to make important judgements. A significant example of this is when companies research on a small group of people and assume that the whole population they are targeting are based on that group. These biases contribute to negative effects on the entrepreneurs as they start assuming that the decisions that they take are risk free. These cognitive biases presents an inaccurate perception of their businesses, which could benefit from a reality check. It is okay for an entrepreneur to have confidence in their business but overconfidence can lead to unavoidable problems.

It is vital for an entrepreneur to recognise when they are being biased and to work towards reducing that. That can be done by working towards more accurate assessments of their business activities. Qualitative and quantitative market research can be conducted for assessment while getting the help of mentors can also be beneficial. Advice and feedbacks from people outside the organisation can help provide a different light.

Interviews and questionnaires are great ways to collect information as such from potential customers. In the current of times of social media use, it is relatively easier to get feedback and comments from a wide demographic. These leads to reduction of uncertainty and helps build a clearer business plan. This can build a strong foundation for the business activities while having a stronger proof of results.

In order to obtain funds through investors, networking can be a very useful tool. However, it can be very difficult to put this into practise and receive the

desirable results. This is especially in the case of new businesses where they cannot measure previous business patterns and specific marketing information.

This is a very uncertain situation to be in for entrepreneurs and their businesses as they do not have any previous information to rely on.

Referring back to a previous example, the Iphone was a completely new product in the market. The goal for Apple was to create a great product that customers would be drawn to, regardless of what existed in the market. It is essential that the entrepreneur has complete faith on the product itself, minimises their biases that surrounds the business activities and work on collecting proper research. On top of that, it is also very important to find an appropriate traction channel to promote the business and spread the word to the target demographics. In conclusion, tolerance for failure is an important characteristic that entrepreneurs should possess if they want to succeed down the line. Entrepreneurs often have to face failure in the lifetime of the business, as it is often inevitable as they have to take risky decisions.

They also have an immense amount of responsibility as various stakeholders are relying on them. It is a top priority to avoid failure in the first place by being aware of the business activities. However if failure does happen for any circumstances, it is resilience that can help recover from the situation. It is essential for the entrepreneur to be positive during the recovery period as they are leading the whole business with their example. However, it is not recommended that entrepreneurs are resilient about a business idea that is not bound to work due to specific circumstances. After facing the failure, if the entrepreneur still does not learn anything from the mistakes and keeps <https://assignbuster.com/entrepreneurs-colossal-amount-of-responsibilities-they-lead-a/>

making the same mistake, time and energy of the entire organisation is just being wasted.

It is important to assess what went wrong and try to come up with a different approach when recovering from the issue, and to not be biased towards an idea or approach that could causing the failure itself. The entrepreneurs need to assess the problem by recognising the bias and work towards minimising it. Sometimes businesses fail due to uncontrollable factors, entrepreneurs cannot be in denial when their business is not working and there are no ways that they can make it work. It is difficult to face situations where so much hard work and contribution leads to failure, but it is vital that entrepreneurs see this through an accurate perception in order to make the next move in the right way.