



**PURPLEGROWTH**  
COURSES | CONSULTING | COACHING

# **LP2: The Entrepreneur**



# Module 2 - Identify the characteristics of a typical entrepreneur

## *Outcomes*

After completing this module, the learner will be able to identify the characteristics of a typical entrepreneur, by successfully completing the following:

- Identify the characteristics of a typically successful entrepreneur and discuss with examples
- Differentiate typical entrepreneurial skills, personality traits and values of entrepreneurial behaviour clearly with examples
- Analyse the importance of each characteristic in the context of a specific new venture
- Explain the technical, business, managerial and personal traits and characteristics required for establishing a successful venture with examples



# Module 2 - Identify the characteristics of a typical entrepreneur

## *What does a typical Entrepreneur look like*



### Important **Skills** for Entrepreneur

- Computer literacy
- Technical skills
- Inter-personal skills
- Accounting and bookkeeping skills; and
- Management skills



### Important **Principles**

- Respect for human dignity
- Sharing of success
- Goodwill
- Trust and honesty
- Continuous cross-cultural interaction
- Pride in achieving goals; and
- A discrimination-free workplace



### Personality Traits

- Outgoing
- Willing to take calculated risks
- Optimistic
- Self-actualisation
- Meticulous
- Creative and innovative; and
- Leadership qualities



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## 2.1 Characteristics of a typically successful entrepreneur

1



**Taking risks** - As mentioned, entrepreneurs don't gamble with their businesses – they take calculated risks by assessing costs, market and customer needs and persuade others to join and help.

2



**Taking the initiative** - Entrepreneurs don't wait for someone else to tell them what to do. If they see an opportunity, they calculate the risk, do the market research to determine if a need does exist and how best to satisfy the need and then they go ahead and do what is necessary to satisfy the need. This means that the entrepreneur has a vision for his business and is also the force that drives the business – he makes sure that the right things get done in order to make the business a success

3



**Ensuring sustainability** - To make sure that the business is sustainable, means that the entrepreneur has to make sure that the business keeps going on over time. The entrepreneur is in charge of the business and it is his responsibility to make sure that the business is a success for a long period of time.

For example, you may see an opportunity to provide food for workers that are building a stadium. This is an excellent opportunity, but when the stadium is complete, the opportunity is also gone. An entrepreneur will look for other opportunities while the stadium is being built, for example road works or other building projects, so that the business can be sustained in the long term.

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1



## 2.2 Analyse the importance of each characteristic in the context of a specific new venture

**Taking Risk Example:** You want to start an Ice-cream Parlour at a holiday resort near Durban where the weather is fine, many visitors and competitors attend surfing competitions at the resort during winter and summer. What are the risks?

<b>Customers</b>	All year long	+
<b>Product</b>	Ice-cream at the beach normally sells very well, and if the business is expanded, coffee and waffles on a cold day will also sell well.	+
<b>Weather</b>	The weather for eating ice creams is mostly good but the business can be expanded to serve waffles and coffee as well when it is colder.	+
<b>Cost of Ice Cream</b>	Reasonable and coffee and waffles not that expensive either.	+
<b>Cost of rental</b>	<u>Can be high</u> but ice cream can also be <u>sold from a cart or Caravan</u> with tables, chairs and umbrellas place around the caravan which will <u>save money on high cost of renting a shop</u> . On the other hand this will not be practical when it rains. (Check the past two years rainfall figures for the area)	?
<b>Cost of labour</b>	Does not have to be labour intensive, <u>2 Employees working 3.5 days each per week</u> as managers using <u>temporary student labour</u> to assist them during busy periods.	+



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2



## 2.2 Analyse the importance of each characteristic in the context of a specific new venture

**Initiative Example:** Taking into consideration that there is only one other vendor selling ice-cream cones at the holiday resort you are taking the initiative to start a different type of ice-cream parlour selling different ice-cream products. As many people visit the resort to participate in the competitions and many visitors attend the competitions, your vision of an ice-cream parlour is innovative and will satisfy the customer needs.

Competition	One vendor	+
Product (Ice-cream)	One vendor selling ice-crème cones only	+
Product (Waffles)	None	+
Customer needs	Being considered and researched	+
Location	Researched, rental negotiated	+
Financial Plan	Done	+



# Module 2 - Identify the characteristics of a typical entrepreneur

3



## 2.2 Analyse the importance of each characteristic in the context of a specific new venture

**Ensuring sustainability Example:** To ensure that the business remains viable over a number of years opportunities must be created to sustain the business. Economic, social and environmental issues need to be considered together, not in isolation.

Rental	Negotiate annual increases at an affordable rate	+
Electricity	Invest in a solar or gas geyser and use electrical equipment that are designed to save electricity	+
Customers	Keep up to date with the latest food crazes and new fads	+
Financial planning	Keep the business financial plan updated and plan one year ahead	+
Promotions	Plan children's parties, promotions and competitions, think of new ideas to sustain the business	+
Advertise	Brand your products. (Brand is the "name, term, design, symbol, or any other feature that identifies one seller's good or service as distinct from those of other sellers)	+



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## 2.3 Typical entrepreneurial skills, personality traits and values

### *Incorrect View About entrepreneurs*

- **Entrepreneurs are born, not made** - Most of the qualities associated with entrepreneurship can be developed by appropriate training. Especially important are aspects such as experience, first-hand knowledge and a positive attitude, which are all acquired, not inborn
- **Entrepreneurs are risk takers** - This perception probably came about because entrepreneurs generally like to investigate the 'undiscovered' and 'unknown' and like challenges. However, they take **calculated risks** and try to **minimise existing risks**. They assess costs, market/customer needs and persuade others to join and help
- **Entrepreneurs are dishonest money-grabbers who only protect their own interests** - As in any other career, there are exceptions, but entrepreneurs who want to survive in the long-term have to be honest and give good service. Research has shown that entrepreneurs are generally not driven by greed, but rather by personal ambition and work satisfaction
- **People who find it difficult to get along with their bosses make successful entrepreneurs** - Entrepreneurs are independent and like taking decisions, but they also have to be able to work with people. Successful entrepreneurs generally have a very good support system of people upon whom they rely
- **Entrepreneurs must be young and energetic** - It can be advantageous to be young and energetic, but experience, knowledge and honed entrepreneurial skills take time to develop. One is never too old to start a business
- **Entrepreneurs are their own boss and are completely independent** - They do have the freedom to choose and make their own decisions, but they have a responsibility to a number of people, e.g. clients, suppliers, creditors, family and the community





# Module 2 - Identify the characteristics of a typical entrepreneur

## 2.4 Technical, business, managerial and personal traits and characteristics required for establishing a successful venture

### Technical Skills of an Entrepreneur

- Making sure that you **buy raw material and spares correctly**. In other words, shop around for the best prices that will still give you best quality. The first person or business you contact will not always give you the best options, so shop around.
- Making sure that you **employ people for their knowledge and skills** and not because they are family members. It takes knowledge and skills to make a success of a business, so make sure that you employ the right people.
- Making sure that you buy the **right equipment**. For example, if you want to set up a food stall a gas stove would be more suitable than an electric stove, as the gas stove heats up much more quickly. This means you can prepare meals more quickly.
- You have to be able to **sell your goods at the right price**, taking into account what you paid, what your costs were and what profit you want to make so that you can still give a good product at the right price to your customers.
- You have to **understand the different business finance terms**, such as cash flow, profit, budgets, etc. in order to make sure that your business runs at a profit.
- Make sure that you find out how **much money you will need to start the business**.
- What is your **credit record like**? What can you do to improve it?
- Do you have the **financial resources**, and can you afford to risk these?
- Customer service: the customer is what makes your business profitable and sustainable and should always be treated with respect and dignity. Without customers, your business will not exist, so make sure that you give excellent customer service. **Do you know enough about the market** to know what customers want, where to find them, and how to get ahead of your competitors?
- Make sure your business is **sustainable**
- **Consider barriers such as cultural, gender and social and what you can do to overcome them**



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### Business Skills of an Entrepreneur

#### Leadership skills



- Able to **communicate** and get your point across without shouting, screaming and swearing
- **Sociable**, with the ability to lead your employees
- Able to focus on low costs and high levels of **efficiency**, while still keeping employees and customers happy
- As an entrepreneur, you have to be able to **solve problems** and make decisions
- Take the **initiative**
- Take **calculated risks** – do not gamble with your business
- Leaders must have **good personal ethics** and a vision for the business
- Leaders have the **trust** of their followers
- Leaders are **role models** to their followers
- Leaders have **empathy**: they understand what others say, rather than listening to *how* they say it



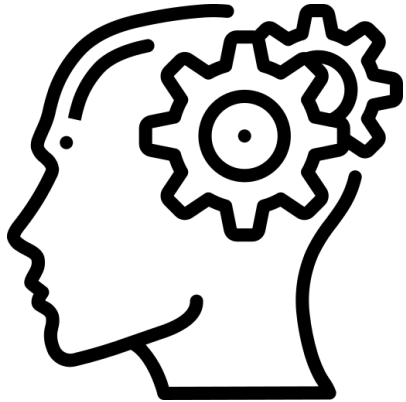
#### Selling skills

- In order to attract customers, you have to be **convincing with prospects** – you have to persuade them to buy your product or make use of your services
- **Determine real customer needs**. The needs of your customers and your commitment to serve these needs to the best of your ability are very important for a successful business
- Take the time to be sociable with customers – they like to feel important and will come back to your business if you succeed in making them feel valued.

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## 2.4 Technical, business, managerial and personal traits and characteristics required for establishing a successful venture

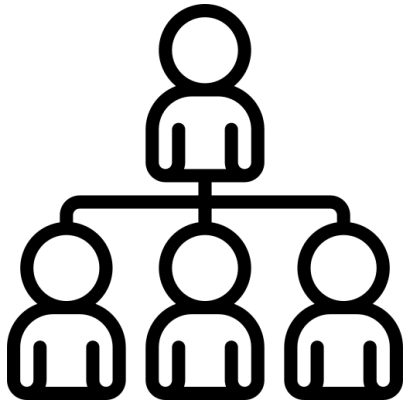
### Business Skills of an Entrepreneur



#### Critical thinking skills

Learn to take decisions and solve problems by using critical thinking skills and following a procedure. Nobody can make correct, informed decisions without first having all the information. The human brain is a wonderful thing – once you start using critical thinking skills, it becomes easier and easier and before you know it, thinking critically and making decisions not based on emotion but on facts, is a habit. The more you practice, the better you get.

Problem solving, decision making and brainstorming are good ways of practicing critical thinking skills



#### Organisational and managerial skills

- Managers must be able to organise their businesses. Make sure that you have systems and procedures in place. Employees need to know what to do, how to do it and what they should use in order to do the work. This is the only way to make sure that mistakes are kept to the minimum.
- Managers have to be able to control their employees. Employees have to know what authority they have, what the rules in the business are, e.g. what time they start work, what the consequences will be if they do not comply with the rules.
- Managers must lead employees into the future. Be prepared to manage change as on-going priority to stay in business. The only thing that is constant in our world today is that things will change quickly and regularly. As a leader, you have to be able to adapt to change and support and encourage employees to do the same
- Encourage a positive work ethic at your business by setting an example and encouraging employees to do the same. Do not arrive late or leave early, do not cheat customers, do not bribe customers or suppliers, etc.
- Focus on affirmative action and corporate equity. The employment market place is changing and employees like to feel that they are valued and should be treated as such.
- Able to mediate between staff when they have disagreements

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## ***2.4 Technical, business, managerial and personal traits and characteristics required for establishing a successful venture***

### ***Personality Traits***

- The opportunity to do what you enjoy.
- Want the opportunity to earn more.
- Willing to work long hours
- Be able to face stressful times
- Take responsibility for everything that goes on
- Logical, organised and responsible (good at getting things done);
- Confident
- Flexible and adaptable
- Quick to take opportunities (and ready to take risks)
- Thick-skinned (able to handle failure)
- A desire to take responsibility and be in control.
- A preference for moderate risk
- A steady confidence in their ability to succeed.
- A high level of energy
- An orientation toward the future.
- A love of achievement.
- Want to control your own future.
- Want to reach your full potential
- Individualistic (not afraid to stand out from the crowd)
- Creative and imaginative (always coming up with new ideas for the business).

