

# Contents

1. Being enterprising
  1. Overview
  2. Entrepreneurial behaviours
  3. Famous entrepreneurs
  4. What strategies can businesses use to encourage entrepreneurial behaviours?
  5. SkillBuilding: Creating a mind map
  6. Review

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## 4 Being enterprising



### 4 Being enterprising

#### 4.1 Overview

##### 4.1.1 The need for enterprising behaviour



The Australian economy is interconnected with the global economy. While this presents a range of opportunities such as increased access to new technology, raw materials and large numbers of new consumers, it also presents great challenges. Globalisation has meant that Australian businesses now have

to compete on a global scale. As a result, businesses are constantly looking for an advantage or an 'edge' over their competitors. For many businesses this edge comes from being able to produce products or deliver services at a cheaper price than their competitors. For other businesses, their edge comes from developing new technologies that other businesses don't have.

Increasingly, businesses are looking to their employees to provide them with an edge over competing businesses. Employees in Australia are more educated and qualified than at any other time in history. Businesses attempt to recruit employees who not only have the suitable qualifications and skills for a job, but who also demonstrate **enterprising behaviours**. An enterprising employee is one who may be: creative, inquiring, innovative, risk-taking, good at problem-solving, and willing to try new ways of doing things and accept the consequences if they fail. Employees with these skills often find new ways of doing things which help a business become more successful. Enterprising employees help establish a workplace culture which is focused on learning and innovation. These enterprising employees often become **entrepreneurs** by establishing their own businesses.

**Figure 1** Businesses are increasingly looking to employ people who display enterprising behaviours.



4 Being enterprising

## 4.2 Entrepreneurial behaviours

### 4.2.1 What is an entrepreneur?

On a cold night in Paris in 2008, two friends were unable to find a taxi to get them home. Surely, they thought, there had to be an easier way than calling and waiting for a taxi that might never arrive. They began to discuss the opportunities that new technologies presented to revolutionise the transport industry. After significant research and a lot of trial and error, Travis Kalanick and Garrett Camp created Uber in 2010. The two friends used their creativity and enterprise to come up with a truly unique idea for a business. Although it started out small, Uber has grown rapidly and now exists in over 400 cities worldwide. Travis Kalanick and

Garrett Camp are what we call entrepreneurs. They came up with a unique idea and took a risk in order to make the idea become a reality.

**Figure 1** Uber co-founders Travis Kalanick and Garrett Camp are entrepreneurs. They came up with a unique idea and took a risk in order to make it a reality.



Unlike Uber co-founders Travis Kalanick and Garrett Camp, not everyone knows how to turn their idea into a business. A person who is willing to take a risk and has the qualities required to turn an idea into a successful business is called an entrepreneur. An entrepreneur's ideas and methods are often groundbreaking and innovative. While there is significant personal and financial risk involved for an entrepreneur, a successful business venture can create huge rewards and profit.

Any person can be an entrepreneur. However, typically entrepreneurs:

- have innovative ideas and act on them
- network with people who may be able to assist with their ideas
- look for opportunities to promote their ideas
- thrive on the challenge of creating their own successful ideas
- make money out of solving problems and selling their ideas
- start up their own businesses

#### 4.2.2 Business owner or entrepreneur?

As you know, there are a large number of businesses operating in Australia. A number of these businesses are large companies owned by shareholders. However, many are micro- and small businesses owned and

operated as either sole traders or partnerships. In [Figure 2](#), the different types of businesses and the numbers of each can be seen.

**Figure 2** The different types of businesses in Australia.



Source ABS 8165.0: *Counts of Australian Businesses* (26/2/16)

For many people, the terms 'business owner' and 'entrepreneur' mean one and the same thing. They believe that any person who establishes a business is an entrepreneur. For example, if you look at [Figure 2](#), do you consider all of the people involved in the sole proprietors and partnerships to be entrepreneurs? While there are many similarities between a business owner and an entrepreneur, there are some differences. In particular, the behaviours and skills that an entrepreneur brings to a business is what sets them apart from ordinary business owners. These behaviours and skills are outlined in the next section of work.

Business owners tend to be content with simply running a business on a day-to-day basis so that it makes a profit. They prefer to minimise risks and make calculated decisions where the outcome is reasonably clear. However, entrepreneurs do much more than that. They take measured risks in order to find new and improved ways of doing things. They are focused on constantly learning, updating their skills, innovating and being creative.

## 4.2.3 Entrepreneurial behaviours and skills

Some of the important behaviours and skills of entrepreneurs are identified in [Figure 3](#). Each of these behaviours and skills is outlined below.

### Identifying innovative ideas and acting on them

Travis Kalanick and Garrett Camp, co-founders of Uber, identified a great idea. Their idea was innovative, unique and took into account modern technologies and the needs of consumers. Not only did they identify a great idea but they set about acting on their idea. At times we all have what we think are great ideas. However, the key is coming up with an idea that will have broad appeal with consumers, not only in Australia, but worldwide.

### Networking with people who may be able to assist

While entrepreneurs often come up with a great idea, they may not have all of the skills or resources needed to implement the idea and make it profitable. An important skill of entrepreneurs is to be able to connect and network with others. This may be necessary to attract money to fund the idea — as was the case with Uber — or to take advantage of the technical skills of others.

### Solving problems creatively and collaboratively

Consider the example of Uber. One solution to the problem of a limited supply of taxis could have been to start another taxi company. A person who chose this option may be considered a business owner. Entrepreneurs, however, such as Travis Kalanick and Garrett Camp were creative in their approach to solving this problem. They came up with a solution to the problem that was completely unique. This skill of creative problem-solving really distinguishes business owners from entrepreneurs.

**Figure 3** The ability to solve problems creatively is a key attribute of entrepreneurs.



## Assuming the risk of implementing an idea and accepting possible failure

There is some degree of risk involved in implementing any idea. This risk can be both financial and personal. An entrepreneur must usually invest some of their own money in order to implement their idea, although venture capitalists may invest funds in ideas that they think may be profitable. While the rewards and profits may be great if the idea is successful, entrepreneurs also run the risk of losing their money. Like anything in life, it is often necessary to take measured risks in order to achieve great things.

Many of the most well known individuals in business failed on several occasions before they finally succeeded. Why do you think this is? What do people learn from failure? **[Critical and creative thinking]**

## Vision skills

People with vision skills don't react to new ideas and ways of doing things — they create them! Vision skills allow an entrepreneur to identify possible trends in a market and create products and services which might satisfy future customer needs. Especially in the globalised business world in which we operate, it is important for entrepreneurs to be constantly scanning the business environment for new opportunities that may arise.

**Figure 4** Vision skills allow an entrepreneur to identify possible trends in a market and create products and services which might satisfy future customer needs.



4 Being enterprising

## 4.3 Famous entrepreneurs

### 4.3.1 Travis Kalanick and Garrett Camp (Uber)

In this unit of work, you have already been introduced to Travis Kalanick and Garrett Camp who co-founded transport company, Uber. This business started out as a simple idea that was discussed between two friends in 2008. However, by the end of 2015, the business was valued at well over \$50 billion. The two

entrepreneurs were not afraid to think big. While most of us recognise Uber as a transport service, Travis Kalanick and Garrett Camp say that it is more than that. They describe Uber primarily as a technology business — this shows that they are leaving their options open for other ventures that may arise from their original idea. Uber currently operates in over 400 cities worldwide.



The truly amazing thing about Uber has been the way that it has created new business opportunities for other entrepreneurs. Uber has revolutionised the way that consumers and producers interact by using mobile technology to deliver services 'on demand'. Things that we would previously have had to leave the house for can now be delivered on demand.

Since the creation of Uber, many parts of our economy have become 'uberified'. Businesses that use a similar model to Uber have sprung up in other industries, such as massage therapy, babysitting, dog walking and legal services. As you can see, the creativity and enterprise of Travis Kalanick and Garrett Camp has greatly influenced other businesses in our economy.

#### 4.3.2 Brian Singer and Doug Warbrick (Rip Curl)

Rip Curl is an iconic Australian brand that was established in the backyard of surfers Brian Singer and Doug Warbrick. The business was established in 1969 in Victoria, initially to produce surfboards. Around the time of Rip Curl's establishment there was a shift from longer surfboards to the more common short boards that we see today. This meant that there was a lot of experimentation with surfboard design, and Brian Singer and Doug Warbrick wanted to be part of it. They saw an opportunity in the surfboard market and were prepared to try their luck by starting a business.

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**Figure 1** Brian Singer and Doug Warbrick saw an opportunity in the surfboard market and were prepared to try their luck by starting a business.



One of the strengths of Rip Curl throughout its existence has been the willingness of its owners to consult and interact with customers. In addition, Brian Singer and Doug Warbrick had extensive knowledge of the colder conditions in Victorian waters and the resulting needs of their consumers — namely, wetsuits to keep them warm in the colder surf conditions. They quickly realised that while there were many competitors producing a range of different surfboards, very few were producing wetsuits. They identified this opportunity in the market and went to work.

When asked in an interview how Rip Curl began, Brian Singer responded with: 'We were just looking for a quid to fund our next surfing holiday.' While Rip Curl's beginnings were fairly humble, the business has become an international success. From the late 1970s, the business began selling their wetsuits overseas. Today, Rip Curl products are made and sold in a range of countries all over the world, including in Argentina, Brazil, Canada, Chile, France, Israel, Indonesia, Peru, South Africa and the USA.

When Brian Singer and Doug Warbrick first established Rip Curl, they didn't ever consider themselves to be entrepreneurs. However, from observing their actions and success, it is clear that they demonstrated many characteristics of entrepreneurs. They came up with great ideas, were willing to take a risk to implement the ideas and were also willing to be flexible. While Brian Singer and Doug Warbrick acknowledge that part of their success can be attributed to good luck and timing, their entrepreneurial abilities also played a significant role in their success.

**Figure 2** One of the strengths of Rip Curl throughout its existence has been the willingness of its owners to consult and interact with customers.



### 4.3.3 Fred DeLuca (Subway)

Fred DeLuca demonstrated enterprising behaviours from a very young age. As a child, he would collect plastic drink bottles which he would exchange for money so that he could buy comic books. After reading the comic books, he would sell them to his friends so that he could buy more comic books. While these early signs may have pointed to a life as an entrepreneur for Fred DeLuca, few would have predicted that he would go on to create Subway, the global fast food company.

**Figure 3** The top 10 countries based on number of Subway stores.

Rank	Country	Number of stores
1	United States of America	26 971
2	Canada	3 258
3	United Kingdom	2 166
4	Brazil	2 092
5	Australia	1 456
6	Mexico	1 043
7	Russia	641
8	Germany	622
9	China	562
10	India	559

Source: Subway USA website, 2016

In 1965, Fred DeLuca borrowed \$1000 from a family friend, Peter Buck, with the aim of making some money to fund his studies at college. Armed with the loan from his friend and an idea to create a healthier fast food outlet, he went about creating his business. Even Fred would have found it hard to believe that his first store would eventually pave the way for a global business with over 44 000 outlets in over 110 countries.



Subway Australia's website provides the following facts about the global fast food empire:

- the first store was opened in Connecticut (USA) in August, 1965
- by 1974 there were 16 stores throughout Connecticut (USA)
- the first Subway store in Australia opened in 1988 in Perth
- as of August 2015, there were 1465 Subway outlets in Australia
- there are over 44 000 Subway outlets in over 110 countries worldwide
- Subway was ranked at number 84 on the 2015 Forbes List of the World's Most Profitable Brands.

4 Being enterprising

## 4.4 What strategies can businesses use to encourage entrepreneurial behaviours?

### 4.4.1 Why do businesses need to encourage entrepreneurial behaviours?

The modern business environment is changing more rapidly than ever before. Globalisation, technology and changing consumer demands have meant that businesses throughout the world have had to be more responsive to change. Even the largest and most well established businesses can no longer assume that they will always be successful. All businesses — large and small — must accept that change is inevitable. The most successful businesses are those that initiate change rather than simply responding to it.

This need for businesses to initiate and respond to change has paved the way for the **intrapreneur**. An intrapreneur is an employee of a business who demonstrates the qualities and skills of an entrepreneur. Intrapreneurs focus on creativity and innovation in an attempt to find new and improved ways of doing things within a business. Management encourage intrapreneurs to take risks and accept failure.

**Figure 1** An intrapreneur is an employee of a business who demonstrates the qualities and skills of an entrepreneur.



#### 4.4.2 What strategies do businesses use to encourage entrepreneurial behaviours?

Every business is completely different. Factors such as business size, industry sector and the skills of employees may affect the types of strategies used to encourage entrepreneurial behaviours. Naturally, a larger business may have more resources with which to foster entrepreneurial behaviours. However, because of their size, smaller businesses often find it easier to be flexible and therefore can be more innovative in their approach to solving problems. Some of the common strategies used by businesses to encourage entrepreneurial behaviours are identified in [Figure 2](#).



Businesses often use a combination of the above strategies in an attempt to encourage entrepreneurial behaviours in their organisation. Each of these strategies is examined in more detail below.

#### 4.4.3 Encouraging a culture of innovation

How many Post-it notes do you think you might have used in the past year? What you probably didn't realise when using them is that Post-it notes are created by 3M — a business that has worked hard to truly develop a culture of innovation. But how did they do it? What practical measures did 3M put in place to encourage a culture of innovation?

**Figure 2** The Post-it note is a product of the business 3M, a company which encourages innovation.



3M's culture of innovation begins with their recruitment of staff. They have a philosophy that says, 'hire good people and leave them alone'. This philosophy clearly identifies the value that 3M places on hiring the right people and giving them the freedom and flexibility needed to come up with innovative ideas for new products. 3M recognises that the greatest investment they can make is in their employees. They hold the view that if your people grow, then your business will also grow.

Companies that encourage a culture of innovation give employees time to explore their own ideas without worrying too much about failure. Employees must be allowed to be honest and should be encouraged to share new ideas. 3M is one such company that allows employees to use part of their work time to explore new ideas — this will be explored in the next section on 'employee time'.

While it is common in the modern business environment for businesses to encourage a culture of innovation and entrepreneurship, this was not always the case. In the past, many employers and managers thought that creativity and innovation might distract employees from their main tasks. Common strategies which are used by businesses to encourage a culture of innovation, and which will be explored in more detail below include:

- employee time
- decentralisation of decision-making
- training and development
- rewards.

Creativity is seen by many employers as the most desirable trait that they look for in employees, but it is also one of the most difficult traits to define and measure. How do you think you could measure creativity?

**[Critical and creative thinking]**

#### 4.4.4 Employee time

Google is now one of the most well known and profitable businesses in the world. For many people, whenever they have a question, they go to Google to find an answer. A lot of people communicate using Google's email system, Gmail. Google has revolutionised the way in which we access information. But how did they develop such innovative technological services? One part of the answer is in the way the business is structured and how they treat their employees.

In order to encourage entrepreneurship and innovation amongst staff, Google implemented what is known as their '20% time' rule. This rule allows employees to spend 20% of their time working on any project they think will benefit the business. The initiative was developed in order to provide employees with some time and flexibility at work, with the hope that great ideas would result from it. While there is no expectation that staff engage in the '20% time' initiative, many of them do. Another key aspect of the program is that failure is both accepted and embraced. Failure is recognised as a key part of innovation. Google products which have emerged from the '20% time' rule include Gmail and Google News.

**Figure 3** Google has implemented a '20% time' rule which allows employees to spend 20% of their time working on anything they think will benefit the business.



3M is another business that has a policy of 'employee time' to foster entrepreneurship amongst staff. In fact, one of their most well known products, the Post-it note, was developed as a result of this policy. Similar to Google, 3M have a '15% rule' whereby staff can spend 15% of their work time on projects which have not been approved by management. This allows the employees to take ownership of their ideas and contribute more meaningfully to the business.

#### 4.4.5 Decentralisation of decision-making

Traditionally, many businesses have had very rigid organisational structures. By this, we mean that there have been many levels of management. Consider the organisation of your school. You probably have some or all of the following: principal, deputy principal, curriculum coordinator, year coordinators, subject coordinators and classroom teachers. While each school may have different positions with different titles, the

reality is that there are many levels of management, and decision-making is usually centralised with these managers. Businesses are no different.

While having many levels of management is not a bad thing in itself, it may mean that employees do not have a sense of control and ownership over their work and it may inhibit their entrepreneurial instincts. Increasingly, businesses have attempted to remove layers of management within their organisations in an attempt to save money and empower staff. This has resulted in the decentralisation of decision-making. By this, we mean that decisions are increasingly being made by employees, not just managers.

Some of the main benefits of decentralising decision-making include:

- empowers employees to make decisions and find new, creative ways to solve problems
- allows management to focus on major decisions
- decisions are made by many people with different skills and perspectives
- employees are able to work without direct supervision from management
- helps build the skills of employees and therefore prepares them for possible promotional opportunities.

**Figure 4** Decentralised decision-making empowers employees to find new ways to solve problems.



#### 4.4.6 Training and development

Training and development are important tools used by businesses to encourage entrepreneurial behaviours. Training and development are the processes aimed at improving the performance of employees and allowing them to do their jobs more effectively. By improving the knowledge and skills of employees, training and development can be very powerful in encouraging entrepreneurial behaviours. More knowledgeable and skilled employees are often able to find creative and innovative ways of solving problems. Training is something that should be ongoing and can take place at many different stages, including:

- prior to getting a job — some jobs require people to have a TAFE qualification, university degree or some other type of formal qualification such as a driver's licence

- when beginning a job — many employers run an induction program to introduce employees to the culture and practices of their business
- upon receiving a promotion — when employees receive a promotion, they may require extra knowledge and skills.

Training and development can take place both within a business (internal) and outside of a business (external). Depending on the nature of the business and the needs of their employees, a combination of both may be used. Some of the main methods of training and development are identified in [Figure 6](#).

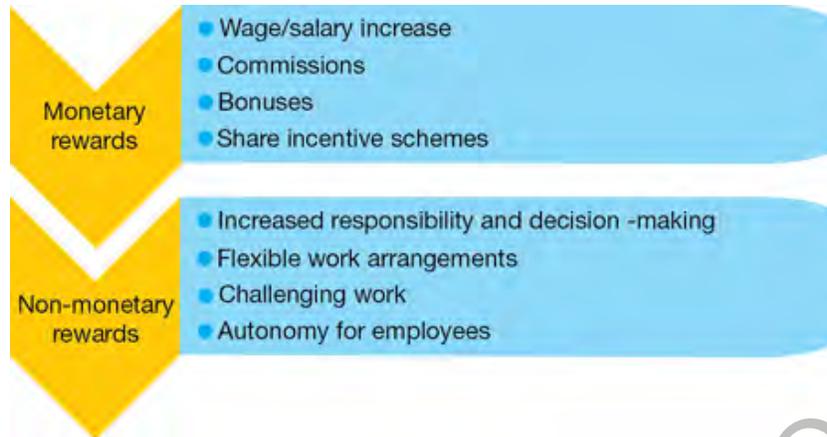
**Figure 5** Internal and external training and development methods



#### 4.4.7 Rewards

Are creativity, innovation and entrepreneurship innate, or are they traits that can be encouraged through the use of rewards? Some believe that entrepreneurship is not something that can be fostered simply through the use of rewards. They believe that entrepreneurship is innate, and that rewards may actually inhibit creativity and innovation. However, many businesses have a range of reward systems which are designed to encourage entrepreneurial behaviours. Good rewards systems should be tailored to suit the specific needs of the business and its employees. Rewards can be monetary or non-monetary in nature, and it must be remembered that a reward that motivates one employee may not have the same impact on other employees. A number of different rewards are identified in [Figure 7](#).

**Figure 6** Monetary and non-monetary rewards.



3M, the business you were introduced to earlier in this unit, has a rewards policy that aims to encourage entrepreneurial behaviours. One part of this policy involves giving awards to staff to recognise their work and achievements. The 'Innovator Award' is given to a staff member who has successfully utilised their '15% employee time' to create a new product, or to enhance an existing product. This reward system, developed by 3M, aims to encourage creativity, innovation and entrepreneurship amongst employees.

**Figure 7** 3M uses rewards systems to encourage entrepreneurial behaviours in their business.



4 Being enterprising

## 4.5 SkillBuilder: Creating a mind map

### 4.5.1 Tell me

Mind maps are a visual tool that are used to organise and present large amounts of information. They can be used for a range of tasks such as note-taking and organising research for an assignment. Mind mapping

usually starts with a central idea or question which then branches out to related concepts or terms. A mind map allows you to show the links and connections between the concepts that you are exploring.

There are many different ways to construct a mind map and you should refine your mind mapping to suit your personal needs. When creating a mind map, some things that you can include are:

- key questions
- major terms and concepts
- images and different colours
- connective arrows to link concepts and to show relationships.

There are a wide variety of online mind mapping tools which can be easily accessed. While these can be useful, it is often just as effective to create a mind map with a pen and paper.

Some of the major advantages of using a mind map over traditional note-taking are:

- it allows for complex concepts to be easily broken down
- it allows for ideas to be represented visually which may make them easier to remember
- it allows you to more easily show connections or relationships between concepts
- it allows you to look at a concept at a glance.

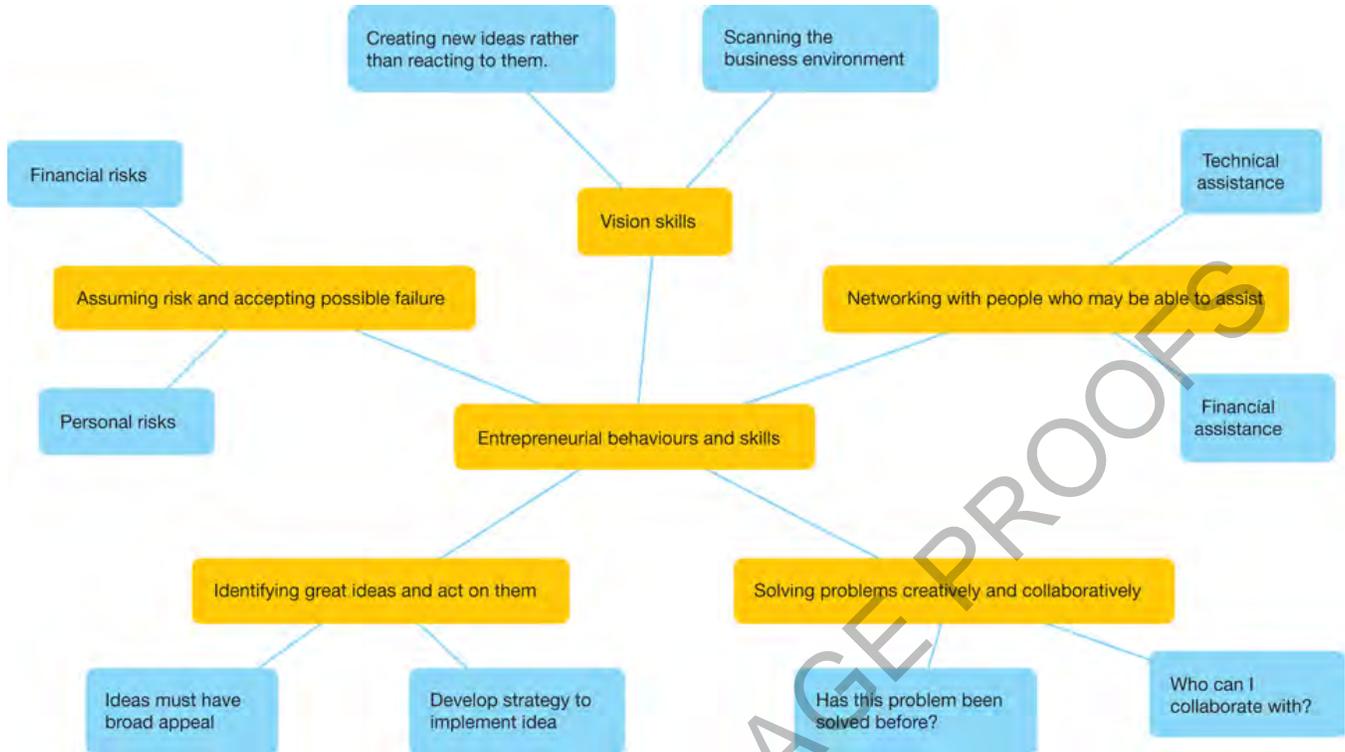
#### 4.5.2 Show me

Imagine you have been asked to create a mind map to visually represent the major behaviours and skills of an entrepreneur. The five key skills/behaviours in this example will be:

1. Vision skills
2. Identifying great ideas and acting on them
3. Solving problems creatively and collaboratively
4. Assuming risk and accepting possible failure
5. Networking with people who may be able to assist.

The information above can be represented in a mind map like the one in Figure 9.

**Figure 1** Mind map representing 'Entrepreneurial behaviours and skills'



### 4.5.3 Let me do it

#### Practise the skill

Using the above process as a model, construct a mind map to visually represent the common strategies used by businesses to encourage entrepreneurial behaviours.

The mind map in Figure 9, above, may assist you in getting started.

#### 4 Being enterprising

## 4.6 Review

### 4.6.1 Summary

- Enterprising behaviours are exhibited in people who are: creative, inquiring, innovative, risk-taking, good at problem-solving, and willing to try new ways of doing things and accepting the consequences if they fail.
- Businesses are increasingly looking to employ people who display enterprising behaviours.
- A person who is willing to take a risk and has the qualities required to turn an idea into a successful business is called an entrepreneur.
- Being entrepreneurial involves a range of skills such as:

- identifying innovative ideas and acting on them
  - networking with people who may be able to assist
  - solving problems creatively and collaboratively
  - assuming the risk of implementing an idea and accepting possible failure
  - vision skills.
- Travis Kalanick and Garrett Camp (co-founders of transport company, Uber) have revolutionised the way that consumers and producers interact.
  - In establishing Rip Curl, Brian Singer and Doug Warbrick relied on their knowledge of the surfing world and a willingness to interact with customers.
  - Fred DeLuca demonstrated enterprising behaviours from a very young age and went on to create global business Subway, which now has over 44 000 outlets in over 110 countries.
  - Strategies that businesses can use to encourage entrepreneurial behaviours include:
    - encouraging a culture of innovation
    - employee time
    - decentralisation of decision-making
    - training and development
    - rewards.

#### 4.6.2 Your turn

1. Imagine that you have saved \$25 000 of your own money and a venture capitalist has agreed to give you \$100 000 to kick start a business venture. The only condition from the venture capitalist is that you must be able to carefully outline your business proposal by providing detailed information and answers to the following:
  - outline your innovative business idea
  - identify the people you may need to network with to make the idea become a reality and outline how each person might be able to help you
  - describe some of the financial and personal risks for you as the entrepreneur
  - explain some of the problems that your business venture may encounter and suggest some strategies to overcome these problems.
2. 'People are either born as entrepreneurs or they are not. It is not something that people can learn.' Do you agree or disagree with this statement?

After planning your ideas carefully, conduct a class debate on this issue.