



Entrepreneurship

In times of stress, uncertainty and rapid change, opportunity seeking, calculated risk-taking and systematic pursuit does get entrepreneurs ahead

Whilst managing business resources, operations and cash flows is necessary to reestablish your business, its growth and revitalization require more, particularly in the uncertain and rapidly evolving economic, societal, health, policy and international situation. To get ahead, engage your teams, to systematically explore business opportunities, proactively seek and obtain information, assess and take calculated risks, set goals with action plans, and monitor and review your progress.

Background

Dictionaries define an entrepreneur as someone who organizes, manages and assumes the risk of a business or enterprise or someone who starts their own business, especially when this involves seeing a new opportunity. Entrepreneurship happens, by definition, on the edge between creation and destruction of business value. Entrepreneurial activity thus inherently carries significant uncertainty (cannot be certain of how things are), unpredictability (cannot be certain of how things will be) and emergence (events occur without observable or understandable causality).

Contrary to perceptions of many, nobody is 'born' to be an entrepreneur. However, there are common personality traits and characteristics of successful entrepreneurs, such as: visionary; energetic; creative; persuasive; self-starter; etc. – these may be referred to as entrepreneurial competencies. These can be acquired and developed through practice. Entrepreneurial competencies are important to manage business, particularly in situations of uncertainty and risk, as entrepreneurs excel in recognizing opportunity and developing internal and external capacity and resources to seize these. These entrepreneurial competencies are complementary and no substitute for established functional disciplines for the management of enterprises, such as accounting and finance, legal, human resource management etc.

Practicing entrepreneurship, or *enterprising*, is not limited to the manager or owner of an enterprise. Within all roles in enterprises as well as in government and other organizations, there is scope for entrepreneurial behavior, in terms of taking own initiative, being kept informed, continuously looking for new opportunities and taking responsibility for seeing these through to fruition. One may rather think of a continuum between conservative and entrepreneurial persons and roles in businesses and indeed across all organizations.

Entrepreneurs are most often associated with start-up businesses. Start-ups may be salary substitute firms (allowing the owner to generate a similar level of income compared to regular employment), lifestyle firms (allowing the owner to live a



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certain lifestyle and earn a living while doing so) and entrepreneurial firms (bringing new products and services to market by creating and seizing opportunities). Salary substitute and lifestyle firms most often have limited growth and innovation potential and ambition.

Entrepreneurial activity is also a trait of firms, with conservative firms having limited entrepreneurial intensity and entrepreneurial firms having high entrepreneurial intensity. In practice, an entrepreneurial firm differentiates itself from a conservative firm by being proactive, innovative and risk taking.

Approach

Entrepreneurship both at enterprise and individual levels comes with a competency and ability 'to enterprise' – to imagine a new product, service or solution which has application and business potential and subsequently turn this into reality. Hence the focus on personal entrepreneurial competencies to improve entrepreneurship and thereby improve performance of firms, in terms of sales, productivity, innovation, competitiveness, etc., and for anticipating developments and events that could lead to either new opportunity or disruption or crisis, and then mobilize internal and external resources for responding.

The United Nations Conference on Trade and Development (UNCTAD) elaborated its framework of personal entrepreneurial competencies from observatory research of entrepreneurs, in times of more and less success. This framework is the basis for its EMPRETEC global flagship capacity building programme on entrepreneurship. As illustrated below the EMPRETEC framework comprises of 10 personal competencies that are structured in three clusters, respectively planning, achievement and power ⁽¹⁾. Five of these (in bold) are particularly relevant for moving forward out of a crisis and are elaborated further here, specifically: information seeking; opportunity seeking; goal setting; calculated risk taking; and systematic planning and monitoring.

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¹*Empretec Programme: The Entrepreneur's Guide* (2015), https://empretec.unctad.org/wp-content/uploads/2015/09/EG_eng.compressed.pdf

Information Seeking

This competency involves the active seeking of relevant information from a range of sources, including present and potential customers, suppliers, competitors, experts, government, non-governmental organizations, press and media.

Within the context of rebuilding from crisis, you aim to move from a business disruption towards adjusted and possibly new business opportunities. The business disruption manifested itself particularly as: disrupted supply chain; plummeted and shifted consumer demand; stranded and decaying inventories and equipment; negative cash flows and eroding working capital; and changed operational and legal requirements. You should try to drill down one step further to the underlying factors. Ask yourself, for example, why specifically inventories are decaying, what specific new legal requirements apply, etc.

To move forward, you need a solid understanding of the current situation, hence information seeking may take the form of mapping of supply chains, operations and business processes. In terms of supply chain, drill down at least 2-3 tiers both upstream (your suppliers and their suppliers) and downstream (your customers and their customers) to get a comprehensive and more dynamic picture. This will allow



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you to explore alternatives in supply chain (both alternative goods or parts you could use as well as alternative firms to procure from), in products and markets (and possibly specifications), in management of cash flow, financing and associated business models, in workplace arrangements (where and how people work and interact) and staffing modalities (centralized and/or decentralized). Also analyze trends in the society – policy measures, social movements, activities of business networks and industry associations might each give a hint where demands for some alternative products and services may occur.

Information Seeking

The opportunity seeking and initiative competency covers the taking of actions to take business to new areas and markets and taking initiative even without being prompted by circumstances.

In the moving out of crisis, three opportunity areas are particularly relevant (also refer to module on **“Plan for Recovery”**), namely: restart (prepare for and start of operations); recover (getting back into previous business and rebuilding the necessary supply chains and customer relationships) and revitalize (developing new opportunities based on application of core business competencies). Whilst restarting is focused on business-internal opportunities, revitalizing deals with opportunities external to the business. Detailed suggestions for each opportunity area are provided in the modules **“Ready the Workplace”**, **“Restart for Recovery”** and **“Revitalize for Growth”**).

The restart requires that the necessary resources and inputs – particularly supplies, machinery and manpower – are in place, operational, safe and compliant. Without these you can simply not operate, and equally you would take unnecessary risk for potential accidents and non-conformances, which both would be costly and time-consuming to resolve, if at all possible. As you are required to rearrange work places to be able to operate with lower staffing at all levels to secure sufficient distance and/or create workplace dividers, look for business opportunities that streamline your workflows, eliminate need for hand over of files, tools, parts etc. and achieve a strict practice of one person per workstation per shift.

The recovery is a rebuilding exercise to close gaps that would have resulted from disrupted supplies, sales, logistics and manpower. You need initiative and opportunity seeking to problem solve and adjust the jig saw pieces of operations, manpower, supplies and sales that need to fit together again to make your business tick.



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Revitalization is aimed at identifying and seizing new growth areas. Use your core competencies as the starting point, particularly in your technology, products and business (model and strategy). As cash flow and other business resources are under duress, focus on improving what you are already good at and applying what you are good at in other circumstances or for different purposes.

Goal Setting

This competency is about setting SMART Goals – goals that are:

- ✓ Specific – detailed, meaningful and actionable;
- ✓ Measurable – goal is quantified to track progress to success;
- ✓ Attainable - possible and realistic and you have resources to achieve it;
- ✓ Relevant – aligned with your values and long-term objectives; and
- ✓ Timebound – there is a deadline.

Goals, even SMART goals, are typically based on – often implicit - assumptions that today's trends will define the reality of tomorrow and the future, which is convenient yet does not do justice to business and market complexities and continuous changes therein. To move your business out of crisis, and buffer it against future disruptions, you may need even SMART-er goals that include, rather than ignore, the dynamics that contribute to the success or failure of your goals. You may consider:

- ✓ Specific – include the assumptions you made in setting the goals and make provisions (including possibly indicators) that would trigger a need for mid-course correction in view of changed business environment;
- ✓ Measurable – make an effort to have a balanced set of measurable indicators both for results (regularly referred as Key Performance Indicators) as well as for inputs (the actions taken by your team/company to achieve the desired results);
- ✓ Attainable – as part of the goal setting consider what external and/or internal events could disrupt your business in its ability to achieve the set goal, and include provisions and resources to mitigate or manage these potential disruptions;
- ✓ Relevant – in considering contribution of goals to mid to long term business objectives, make sure to include business continuity, in addition to traditional performance areas as sales, competitiveness, innovation etc.; and
- ✓ Timebound – make sure you consider plausible alternative developments in your company, value chains, markets and communities in setting realistic deadlines for completion of your goals.



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Taking Calculated Risks

This competency is about taking risks. You would need to evaluate alternatives and appraise and – to the maximum possible – calculate risks. Then you undertake actions to reduce risks, so as to enable you to take chances on promising and profitable business opportunities with acceptable and lower residual risk.

Risk management is fundamentally the ability to strike a balance between avoiding high risks (particularly those with high probability and high impact) whilst still capturing the business opportunities that carry lower risk (particularly those with low probability and/or low impact). Risks are associated with hazards to your business – any event that has the potential to harm or disrupt your business. Make sure you take full and comprehensive stock of such hazards – history tells that the biggest risks (and disasters) have resulted from the risks that were not explicitly anticipated or resulted through culmination or sequence of smaller mishaps. Once you have taken stock of hazards, score each on probability and impact. Probability deals with likelihood of hazard happening, for example: has something similar happened once every week, once a year, once in the past decade, or not yet at all? This is combined with impact on your business. Question whether the mishap will cause you bankruptcy, or loss of a year's profit or just of a few hours of sales? The higher the probability and higher the impact, the higher the overall risk score.

Once you fully understand your risks, reflect on measures you can take to manage your high risks. Can you mitigate risks through preventive actions including policy, training, technical provisions, operating procedures, early warning, etc.? Can you dampen the impacts through preparedness, that is by knowing and planning what to do in case a disruption happens to reduce the losses to your business, in terms of assets, customers and suppliers base, manpower and government and community license to operate.

Systematic Planning & Monitoring

This competency is critical for seizing the opportunities you identified and achieving the SMART goals you have set. It starts with planning to divide large tasks into smaller and manageable ones with applicable timeframes, resources and responsibilities. It also includes monitoring of performance (including financial) against the plan and revisiting plans for mid-course corrections. Planning and Monitoring brings the earlier elements together for execution. Highly similar to



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regular project and business planning and execution, however, with an enterprising and more forward-looking focus.

You will build back by pursuing - most likely in parallel - restart, recovery and revitalization opportunities – as discussed above under the opportunity seeking competency. Having set goals and assessed risks, it is high time to execute in systematic and planned manner. You may use a basic planning and tracking sheet to project manage and monitor the key actions. Lead implementation but do not micro-manage. Instead empower your teams to complete activities in time with the allotted resources. Keep oversight and regularly inspect physical progress and outcomes achieved to ascertain your business is on the right track.

Goal <i>Tasks/activity</i>	Target				Person in Charge <i>Specifications</i>
	Progress		Finish		
	Start		Plan	Actual	
	Plan	Actual	Plan	Actual	

Final Considerations

Entrepreneurs excel in enterprising, or the art of identifying and realizing new business opportunities. They complement managers, who excel in managing, utilizing and monitoring resources against set business objectives, plans and performance indicators. There is a critical tension as well as synergy between the proactive, innovative and risk taking behavior (typical of entrepreneurs) to create or expand new business, and a wait-and-see attitude and risk aversion behavior (typical of managers) to preserve existing business.

It has been repeatedly observed, well before COVID-19 emerged as a game changer, that MSMEs in India, particularly those already mature with established operations, seem to stall further growth and hence miss out on opportunities to achieve economies of scale. This may suggest a real need to invest in entrepreneurial activity of business leaders and enterprises, to seek and seize new business opportunities with an appetite for calculated risk.

Enterprising is not limited to owner or operator of MSME. Indeed, many MSMEs stand to gain significantly from allowing their workforce and teams to take more initiative and responsibility to identify and realize growth opportunities. They will also benefit from encouraging entrepreneurship and entrepreneurial culture along their supply chains.

Disclaimer: Information intended for general advice