

ENTREPRENEURIAL VENTURE AND ITS COMPONENTS

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Introduction

Entrepreneurial ventures with a mixture of the right components play a critical role in solving societal problems, as well as contributing to the economic development of any nation irrespective of the factors that impact on their activities.

In recent time, there has been increased emphasis on entrepreneurship and being an entrepreneur than we had in previous years. This has become necessary considering the contributions of entrepreneurs to economic development, as well as the creative approach to solving existing problems that consumers never knew they had. They have been considered as solution providers because they meet the needs of their customers in an innovative and creative way hence, these organizations or businesses often change the rule in the game of business. This innovative way of doing things has not only distinguished entrepreneurs, it has created a niche for their organizations such that other businesses hardly present a threat to them.

What is an Entrepreneurial Venture?

The main characteristic of an entrepreneurial venture is their ability to perform functions which are innovative and can lead to rapid change and growth. The size of the firm is irrelevant, as long as it performs entrepreneurial functions; it is regarded as an entrepreneurial venture.

In business, not every venture is entrepreneurial in nature. Entrepreneurial ventures have factors that distinguish it from regular businesses. In principle, it is believed that entrepreneurial ventures are usually 'Small and Medium scale enterprises' however in practice, some businesses can be small but not entrepreneurial whereas some big businesses can be entrepreneurial in their approach to doing business and vice versa.

An Entrepreneurial venture can be defined as an organization that places innovation and opportunism at its heart in order to produce economic or social value. An entrepreneurial venture pursues opportunities, and it is characterized by innovative practices and has value-creation and growth as its main goals. Consider companies like Apple, Facebook, Google,

jobberman etc as good examples of entrepreneurial ventures that have combined innovation and opportunity to provide values to people.

The Difference between regular Businesses and Entrepreneurial Ventures

The terms "entrepreneur" and "small business owner" are often used synonymously. While they may have much in common, there are significant differences between the entrepreneurial venture and the small business. None is necessarily better than the other; both have a role to play in business.

Some have used characteristics like Amount of wealth and speed of Wealth creation to distinguish them. This is understandable, entrepreneurial ventures create substantial wealth more than small businesses, and they create it faster too. This is because their services or products are often a deviation from the norm, and such products tend to generate massive wealth over a short period of time. Take the 'Whatsapp' messaging service application, for instance, it only took 4 years for it to grow its business from less than \$8 million to \$1.5 billion before Facebook eventually bought it over for \$19 billion in 2014. Within a space of 6 years, Whatsapp has moved from a company with about \$250,000 seed money and \$7 million from venture capitalist to about \$19 billion business. Only an entrepreneurial venture can do that.

Different scholars have varying opinions regarding the differences, however, risk and innovation is a common denominator that differentiates entrepreneurial ventures from small businesses. The risk of an entrepreneurial venture is usually high; this is partly because they go out of their way to make products that did not exist in the market as at that time. For instance, Richard Branson attempted establishing a commercial space shuttle that can take people to space and back to planet earth. Though he suffered a setback, it is a risk he is willing to take again. The huge profits entrepreneurs make from pursuing a risky business serves as an incentive to them. Small businesses usually don't take such risk.

Furthermore, entrepreneurial venture involves substantial innovation beyond what a small business can exhibit. This innovation gives the venture the competitive advantage that results in wealth creation. A business that is successful in its trade may not necessarily be considered entrepreneurial in nature. That you are successful in a business doesn't make you an entrepreneur, what makes you an entrepreneur is the ability to bring something new to the game. Innovation is the backbone of every entrepreneurial venture.

In this context, we shall not be considering the size or structure of the organization, but rather those characteristics that make entrepreneurial ventures stand out.

COMPONENTS OF ENTREPRENEURIAL VENTURES

Entrepreneurship is not an isolated event; it is a process that depends on a system to succeed. Although the self-determination of an individual is very important, there are other factors that play a role in making that decision a reality.

Many people envision themselves becoming successful entrepreneurs but a successful enterprise requires a high degree of effort in an environment where consumers are becoming more difficult to satisfy. Nevertheless, entrepreneurial success is often highly correlated with entrepreneurial characteristics. These characteristics make up the various components that form an entrepreneurial venture. They serve as a common denominator found in most ventures.

Below are some of the components that make an entrepreneurial venture:

Adaptability

The business environment changes constantly and these changes provide opportunities for new businesses to grow. Entrepreneurial ventures take advantage of these changes to take a lead in the market. The ability to adapt to changes in business quickly sustains an entrepreneurial venture over a long period of time. They have the ability to identify and create businesses from the opportunities offered by change, and they benefit from the new openings.

Entrepreneurial ventures are quick to adapt to change because of their creativity and intent to make a profit.

Internal Locus of control

Entrepreneurial ventures have the belief that they can make things happen within their market. They believe that the future is within their control and that they are responsible for their own success. This belief makes them challenge their ability in trying to determine the trend in their industry. Entrepreneurial ventures do not only have a vision, but they also plan to achieve that vision believing that it is possible. Bill Gates understood the influence PCs and Windows operating system will have in the computer industry when he rejected an offer to be part of IBM.

Product driven

Aside from meeting customer needs, entrepreneurial ventures are highly motivated in business because of the uniqueness of their products. Individuals who set-up innovative organizations are less concerned about what customers actually need, they spend more time developing their products because they are confident that consumers will buy. Their motivation in business comes from their product hence; they tend to focus so much on it. An example is Apple Corporation, their unique products (Iphone, Ipad, Mac etc) gives them the drive to remain in business.

Opportunity-driven

Entrepreneurial ventures are driven by opportunities. They have been structured to recognize and pursue opportunities in their business environment. They don't continue on the same line of business for a long time, they always seek ways to expand their business scope. For

instance, Google started as a search engine company, but today, they own Youtube, Android OS, web browser etc. wherever they see an opportunity that will add value to their business, they quickly take it up.

Proactive

Entrepreneurial organizations don't wait for things to happen to them, they act in advance. This is one quality most small businesses lack. Small businesses often times react to market changes whereas entrepreneurial ventures learn to follow the trend, and deal with changes or difficulties as it happens or before it happens. They don't want to be taken unawares hence they anticipate and try to prevent future problems. For instance, Nike, though a sports shoe company, anticipated the need for sports shoes and technology to work together. The company introduced Nike + iPod sports kit to measure the distance and speed of a run or a walk.

Innovation-focused

What makes an entrepreneurial firm is not the ability to start a business, but the strength of its innovativeness. In our modern world, having sufficient capital for your business is not going to sustain you for a long. What sustains a business now is innovation. Entrepreneurial ventures are wired to create something new or revolutionize their business environment. Entrepreneurs are recognized because of their ability to innovate, and not just to run a business.

Calculated Risk-Taker

Entrepreneurs are known to be risk takers. Risk taking is part of every business, however, the level of risk taking differs from business to business, and from industry to industry. In the case of entrepreneurial firms, what makes their 'risks' noticeable is the fact that they have new ways of doing things, or they are introducing new products. It is riskier to introduce new methods or products into business than imitating an already existing business model or product. This is because when introducing an entirely new category of product or a new experience into the market, you don't know how customers will receive it. For instance, when complete sports started the publication of a 'sports-only newspaper' they were not sure how the customers will accept it, but they believe that if people like reading sports news on the back page of a regular newspaper, they will likely read a sports-only newspaper too.

Value Creation

Value is an essential element in any business venture. The value created determines who will buy from your business, and to a large extent, it arouses the interest of those who may want to invest in your organization. Value creation, according to valuebasedmanagement.net, is driven by factors like "innovation, people, ideas, and brand." Jack Hughes in his article: 'What value creation will look like in future' made the following remark, "The value of products and services today is based more and more on creativity – the innovative ways that they take advantage of new material, technologies, and processes. Value creation in the future will be based on economies of creativity: mass customization and the high value of bringing a

new product or service improvement to market; the ability to find a solution to a vexing customer problem; or, the way a new product or service is sold and delivered.”

Entrepreneurs are creative people who take every opportunity possible to make an economic gain. These are individuals who are innovation driven and are always ready to challenge conventional business knowledge.

They are vision driven and practice disruptive innovation — innovation that creates new markets through the application of a different set of values. They change the rules of the game by questioning the status quo and raising the stakes.

Entrepreneurs achieve success through a platform that takes the trait of their personality. They are often interested in why things happen and also want to know if there is a better way to improve on it.

Conclusion

The term entrepreneur has been used to represent any form of business activity, however, not everyone who runs a business is an entrepreneur and every business set-up is not an entrepreneurial venture. Organizations that are considered entrepreneurial must have an element of innovation and creativity in their activities, be proactive and must take a calculated risk. Oftentimes, technology plays a role in making an organization entrepreneurial in nature

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