

Unit 2 – Enterprise | Topic Notes

Enterprise

Entrepreneurship involves using your initiative to identify some need and taking the necessary steps to satisfy that need. It involves taking both financial and personal risks. When you succeeded your enterprise is rewarded. For example, enterprising business people are rewarded by profit.

Entrepreneur: A person who spots an opportunity or gap in the market and takes the initiative to set up a business to make money from that opportunity. They take a financial risk , they may lose the money they invest in the company. They also take a personal risk, they may lose their self esteem if it fails.

e.g. Bob Geldof - Planet 24, deckchair.com

Anite Roddick - the body shop

Eammon Fallon - Daft.ie

Denis O'Brien - Aircraft Leasing etc..

Donald Trump - Trump Financial, Trump Education Initiative, GoTrump...

Brody Sweeney - O' Brien's Sandwich bar

Enterprise in the:

Home - Recycling by using glass jars to store utensils, growing vegetables and using it to obtain food, household budgeting

School - After school clubs, school tour, BT scientist

Community - neighbourhood watch, tidy towns commitee

Enterprising Characteristics	Enterprising Skills
<p>1. Risk Taker - entrepreneurs are prepared to take risks to succeed and are not afraid of failure. They take calculated risks which provide a reasonable chance of success. They take a risk in financial matters and reputation but try to minimise both.</p>	<p>1. Decision Making skills -entrepreneurs need to be able to make quick and clear decisions so as not to miss out on any opportunities. They list all of the possible solutions to the problem and the opportunities available to them and choose the best one for the business.</p>
<p>2. Confident - Entrepreneurs have a lofty self image and a high degree of self assurance. They tackle goals with confidence and are persistent in their pursuit of objectives.</p>	<p>2. Planning and Goal setting - They are able to make long term and short term goals and devise strategies to achieve them. They carry out SWOT analysis and are pragmatic in approach.</p>
<p>3. Creative/Innovative - Entrepreneurs can think outside the box and come up with new ideas and new ways of doing things, they can see things in different ways and use their imagination and apply their ideas to new situations.</p>	<p>3. Human Relations - they are able to get on well with people and develop good relationships and rapport with them, enable them or entice them to co operate and organise them into teams. Can bring out the best in them</p>
<p>4. Flexible - Entrepreneurs are adaptable and able to respond to change, they are willing to adjust priorities if necessary.</p>	<p>4. Risk Management - Entrepreneurs can come up with a plan to minimise the risks the business faces, they identify the risks and take measures to minimise their impact, e.g. insurance, security etc...</p>

Enterprising Characteristics	Enterprising Skills
5. Independent - Entrepreneurs like to be in charge and like working for themselves, they are self sufficient and are better as a leader in giving orders etc...	5. Reality Perception - Entrepreneurs need to be able to see things for how they really are and not how they'd like them to be. They realise when things are going wrong and they are not afraid to seek help if needs be. They don't fool themselves into thinking otherwise.

Intrapreneurship

Intrapreneurship means engaging in entrepreneurial activities from within a business. Employees use their own initiative and think of new ideas to help the business they work for.

e.g. Microsoft workers saw the success of the Sony PlayStation and developed the Xbox 360

Art Fry, a worker at 3M heard about a special glue and came up with Post - its.

Increases revenue and profits both short term and long term. Intrapreneurs have an impact on core activities of the business and work at best when faced with new challenges etc..

Combine this with solid execution strategies and it increases profit.

Improves corporate image for recruiting - The most important resource is talent, a committed focus on intrapreneurship makes it easier to attract and keep the best intrapreneurs. Danfoss, mechanical and electronic products and controls, uses their Man on the Moon program as a recruitment initiative.

It is contagious, other employees will see the reward and incentive of intrapreneurship and it leads to new kinds of talent, helps the company stay alert and always search for opportunities that might otherwise be lost.

- Encourage using incentives - open to suggestions - box -brainstorming sessions - exhibitions - create a team of inter - departmental imagineers, meetings, team work/

Importance of enterprise in business -

Essential element in setting up the business and provides the idea and drive for it in the first place

Increases sales and reduces costs - intrapreneurship and entrepreneurship can help save money and raise profits using innovation, e.g. Art Fry's idea made millions

Taxes the government receives from entrepreneurs and businesses can be used to provide grants for further businesses, i.e. fosters an enterprising culture

Creation of wealth, employees earn wages and entrepreneurs earn profit and this is repatriated throughout the country and spent - spin off effect, creation of more business

Importance of business in a community -

Higher standard of living - wages and profits gives parties a higher standard of living than they would have if they stayed on social welfare. e.g. A group of unemployed people from Ballymun set up Greencaps to provide a porterage service to dublin airport.

Improved infrastructure - Infrastructure improves as the government receives more revenue and pays less in social welfare, people have money and shops open as a result, it transforms the local economy. Easier to do business - improvements.

Government - again receives taxes and spends less on social welfare, giving them more money to invest in hospitals, roads, school etc..

New breed of entrepreneurs - When people in the local community see the success of their friends and neighbors who set up, it provides the motivation and courage needed to set up themselves, more wealth in the community.

Management

Management is the process that involves combining personnel and physical resources to create an environment in which the planned objectives and goals of an organisation can be achieved through people.

MD - Managing Director or CEO -Chief Executive officer - manager in overall control.
e.g. Michael O'Leary, Ryanair

Characteristics:

Decisive - They can analyse a situation very quickly and come up with an effective solution to deal with it. They can quickly and firmly resolve problems.

Initiative - They do not need to be told what to do and are able to start things, sort out problems and think of new ideas by themselves.

Hardworking - They are not strictly 9 - 5 people, they put effort, time and work into their jobs. If a problem has to be dealt with, they stay behind and work until it is solved.

Good with people - They know how to get along with people, get them on their side, bring out the best in people and help them to co operate to make the business a success.

Flexible - they can change their business methods as situations evolve.

Skills

Leadership - is the ability to influence and direct people in a certain direction to achieve the goals of the organisation.

It involves setting an example, directing employees and delegation.

Autocratic - Manager makes all of the decisions, gives out orders and expects them to be obeyed without question, uses their position of authority to get employees to do what they want, may use fear and threats. *Best avoided as workers resent being treated like this, become poorly motivated and unwilling to use initiative.*

Democratic - Involves employees in decision making, discusses issues and takes their account into view when deciding on something, delegates works as he trusts them. Uses reasoned arguments to get employees to co operate. *It achieves better results as employees like to be involved and listened to, they tend to work harder if they are more trusted and more motivated to use initiative.*

Laissez Faire - The manager does not interfere with how employees do their work, he gives them a goal to achieve and leaves it entirely up to them as to how they achieve it. They delegate a lot of work. *Suitable when manager has highly trust worthy employees however, some may become stressed and may not cope with the amount of pressure of so much work and others may take advantage of the freedom.*

Delegation involves the passing of authority from manager to subordinate to undertake specific work. The manager must ensure that the sub ordinate in question has the necessary skills and is provided with the necessary resources to complete the task. The ultimate responsibility lies with the manager. There must be a good control system in place that immediately highlights any errors made by employees who have been delegated to. This minimises bad effects on the business.

Advantages	Disadvantages of refusing to delegate
1. By delegating more work to trustworthy employees the manager can devote more of their time to solving the business's critical problems and dealing with more important issues.	1. By insisting on doing everything alone, the manager may become swamped with work and may not be able to cope. The stress can hinder their alertness and cause them to make costly mistakes.
2. By delegating, work gets done faster as it is spread out. This saves time and money.	2. It takes longer to do the work alone therefore they may miss deadlines
3. Delegating is good training for employees and ensures that the business has a steady supply of well trained managers to choose from.	3. Employees are not trained in management jobs if manager refuses to delegate, when a management vacancy arises, the potential employees will lack the necessary training to fulfill it.
4. Delegation makes employees feel valued and happier because they are more involved.	4. Employees don't feel trusted or valued, damages self esteem and lowers morale.

Importance of effective leadership:

Improved Efficiency - a good manager or leader gives clear instructions to employees and they understand exactly what is expected of them, time and other resources are not wasted by doing the wrong thing.

Improved Co-Ordination - An effective leader inspires employees with their vision for the future of the business, motivates them to pull together in the same direction to achieve it.

Employee Retention - Employees like being trusted and valued and are therefore more likely to continue work for the business. It also helps attract the best employees.

Change - A good leader helps the business change for the better, acts as a role model for employees by putting in the effort needed to make a change happen. Encourages them to accept it.

Motivation

Motivation can be defined as the factors that cause people to act or behave in a certain way, it is the willingness of people to work hard.

Theory X manager - Takes a pessimistic view on employees, he perceives them as lazy, unambitious, selfish and thinks they prefer being told what to do.

Hard approach - they keep a close eye on workers and may use threats and punishments to keep them in line.

soft approach - they offer more money to get them to work harder

McGregor said that employees resent this and as a result, become unco-operative and try to do as little work as possible for the most money.

Theory Y manager - Believes that the workers like their job, they are ambitious and responsible and they want more responsibility and challenge.

offers promotions and titles to employees who do well and praises good work. Delegates to employees who are good workers.

Results in happy, co-operative workers, recommended

This theory is effective in understanding what factors can incite people to work harder, it makes sense and is useful as a tool for motivation.

Maslows Hierarchy of needs



Everyone starts at the bottom, this need is the most important to the person until it is satisfied. **Once the need is satisfied it no longer motivates the person.** Satisfying the next need up is what is most important then. It is important for every manager to know which need is dominating each employee, they can be motivated to work harder if the need is satisfied.

Provides a good insight into motivation because it allows managers to establish exactly

where each employee lies on the hierarchy and find suitable ways to motivate them. Not without faults - doesn't explain why people put up with lower pay for promise of future benefits, in real life, you don't just satisfy one need at a time.*

self Actualization - need to reach full potential, **esteem** - need for self respect and respect from others, **Social** - need for friendship and love

Importance of motivation

Greater Intrapreneurship - highly motivated employees are more likely to co-operate with managers and offer useful suggestions and ideas to help.

Employee Retention - Motivated employees are happier and are more likely to stay in their job for a long time. Saves money on recruitment.

Improved Industrial Relations - More motivated employees tend to have a good relationship with management and they tend to talk out any difficulties in a spirit of co-operation rather than going on strike.

Improved Productivity - happier in their jobs and therefore work harder in the business, more effort = more success

Communicating

Communication involves the transfer of information from the sender to the receiver and receiving feedback to say the message has been received and understood.

Importance:

Industrial Relations - Good communication facilitates problem solving without the need for Industrial action.

Decision making - Effective communication is vital for decision making, managers need good information and it is vital there is successful information sent to and from managers.

Downward communication - It is important when orders and directions are issued from a superior to a sub ordinate and that the sub ordinate understands the task to be done.

Goals and Objectives - allows the departments to be co ordinated in order to achieve the goals of an organisation.

Channels -

Internal

Downward - from superior to subordinate

Upward - sub ordinates to superior

Horizontal - communication between people at the same level of authority

External

Principles

accuracy

brevity

clarity

on time

feedback

Barriers to effective communication -

Language - jargon

Not listening

Timing

No feedback

wrong medium