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ENTREPRENEURSHIP AND SMALL BUSINESS MANAGEMENT

- 5.1 What is entrepreneurship?
- 5.2 Forming a business unit
- 5.3 Small businesses
- 5.4 Intrapreneurship
- 🌐 Discussion



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5.1 What is entrepreneurship?

Entrepreneurship is the process of initiating a business venture, organizing the necessary resources, and assuming the associated risks and rewards.

Entrepreneur → someone who recognizes a viable idea for a business product or service and carries it out...



5.1 What is entrepreneurship?

An **entrepreneur** is the person who...

- notices an opportunity,
- makes calculations,
- estimates the revenue,
- takes risks,
- gathers other factors of production,
- finds resources,
- and starts the business.



5.1 What is entrepreneurship?

- Entrepreneur's environment
 - Economic changes; e.g. increasing demands for service
 - Globalization and increased competition; e.g. franchising facilities
 - Technology; e.g. new and easy methods of production
 - New opportunities and market niches

5.2 Forming a business unit

□ Hints for writing the business plan

- **The summary** → less than three pages, capturing reader's interest, completed after finishing the plan
- **Business description** → name of the business, industry background, potential of the new venture, unique/distinctive features of the venture
- **Marketing** → market studies, target markets, competition evaluation, pricing strategy, ads...
- **Research, design, development** → extent and costs involved in needed research, testing...
- **Manufacturing** → location's advantages, production needs, access to transportation, proximity to suppliers, labor market, mfg. costs...
- **Management** → key people, legal structure...
- **Critical risks** → e.g. price cutting of competitors...
- **Finance** → budget, where to use the fund/credit...
- **Milestone schedule** → phases of venture's completion

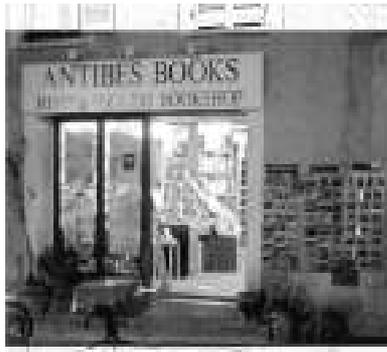
5.2 Forming a business unit

□ First of all; a business unit should have a **mission** that articulates the task that is intended. A good mission statement clarifies the organization's...

- Reason for existence,
- Products,
- Markets,
- Functions.



5.3 Small businesses



Small businesses are independently owned and are usually not dominant in their field. In Turkey, small and medium sized enterprises (SME) are considered to have less than 200 workers and referred to as **KOBİ**.

5.3 Small businesses

Advantages of SME's

- Innovative
- Flexible
- Effective in customer services
- Effective in owner-worker relations
- Covering the isolated market niches
- Facing low cost
- Easy to form

Disadvantages of SME's

- Inadequate management
- Limited financing
- Limited growth
- Weakness in competition with large enterprises

5.4 Intrapreneurship

Intrapreneurship is the process of recognizing the need for innovation and promoting it within an organization.

Developing the atmosphere for intrapreneurship

- Encouraging creativity,
- Informal meetings,
- Tolerate failure → learning experience,
- Persistence in getting an idea to the market,
- Encouraging informal communication,
- Reward and promote innovative individuals.



Forming your business unit

NEXT WEEK:

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**MANAGERIAL
DECISION-MAKING**