

LESSON 8-3: Entrepreneurship Entrepreneurial Businesses

"Do the right thing even when it costs me"

– John Greenwell, Dayspring Technology

WELCOME & PRAYER

PREVIOUS LESSON FOLLOW UP

- What did you learn from sharing your entrepreneurial assessment with your co-worker?

KICK OFF QUESTION

- Do you find it difficult to always do the right thing in your company? Please explain.

PRIMARY SCRIPTURE

"Honesty guides good people; dishonesty destroys treacherous people." Proverbs 11:3

Discussion Question:

- What parallels, if any, do you see between the people referenced in this Scripture and people in business?

BIG PICTURE

Entrepreneurial Thinking discussed in Lesson 8-2 leads to Entrepreneurial Businesses. Most people believe that an entrepreneurial business is a small startup. This is not necessarily true. There are small businesses that have zero entrepreneurial thinking and Fortune 500 companies that are very entrepreneurial. In this series, we are going to examine entrepreneurial businesses of all sizes. As we process this and the following lessons, please consider the following:

"How can I help my company be more entrepreneurial?"

Below are the two questions you should continually ask to help your company be entrepreneurial:

1. How can we meet an unmet need?
2. How can we serve the customer better?

Once a company quits asking these two questions, it ceases to be entrepreneurial. One question that does not work is: "How can I get rich?"

Companies must constantly evolve. If a company thinks it has the customer figured out, or has the perfect business model, it is destined to fail. It may take some time, but the company is on a downhill slide, which it likely will not recognize until it is too late. Sears was a retail pioneer and the largest retailer in the world. Today it is bankrupt. It was king of mail-order, appliances and tools. They had the famous Sears catalog that was two-inches thick. They even held anchor locations in almost all of the major malls in the 1970s. Its strategic mistakes were:

- Getting outside of its core business
- Reorganization with business units led by non-retail leaders
- Selling its legendary brands like Lands End to raise cash
- The constant threat of staff/manager/leader termination if they did not make sales goals. (Forbes.com October 13, 2018)

A critical element in Sears' downfall is misunderstanding of the fundamental change from ordering by phone versus using the internet. The internet became a dynamic, interactive catalog with unlimited potential that could be updated instantly. In the end, Amazon has taken over Sears' customer base, because of Amazon's relentless focus on the needs of the customer: easy and convenient shopping from your home with quick delivery and easy returns. (Note: Walmart, Lowe's and Home Depot were also key competitors that contributed to Sears' decline.)

Amazon decided that the unmet need for the customer was in simplified ordering and delivery, not in producing the product. This was a radical idea in 1994 and for years afterwards. Amazon's entrepreneurial journey started as an on-line retail book seller in Jeff Bezos' garage. Within two months, Amazon grossed \$20,000 per month and had sold product in all 50 states and 45 countries. Amazon focused on disrupting an already existing marketplace via the internet. Simple ordering and delivery to the home was the key to success. Today, the company's gross revenue is \$233 billion with 650,000 employees with 49% of all on-line retail sales. It continues to disrupt the marketplace, adding its own shipping service to deliver product quicker and cheaper than UPS and FedEx.

CONCEPTS TO UNDERSTAND

Characteristics of entrepreneurial companies:

- See opportunities in the marketplace others do not
- Uniquely meet the needs of the customer
- Relentlessly pursue the opportunity
- Remove organizational barriers to entrepreneurship
- Brutally honest with the highest integrity, especially with finances

See opportunities in the marketplace other companies do not: This is something that established companies have such a difficult time overcoming. Companies install elaborate repeatable processes to reduce the potential for mistakes. While this is important, control systems stymie creativity and breed poor understanding of the marketplace. The marketplace is constantly evolving. IBM, which was the undisputed leader in computers, thought hardware, because they were in the hardware business, was more important and profitable than

software, so they contracted with two college students to write DOS (Disk Operating System), which ended up becoming Windows. IBM completely misunderstood what would create value for the company and its shareholders. As a result, Microsoft is now worth \$1.0 trillion, while IBM is \$127 billion.

Uniquely meet the needs of the customer: A successful entrepreneurial adventure focuses on the needs of the customer first, not on how much money that can be made. Amazon is the perfect example. A company that focuses on the customer will make more money than the company that focuses on making money.

Relentlessly pursue the idea: The idea for meeting the needs of the customer must have singular focus until which time it becomes evident it was a good idea, but now, it is not an idea for further pursuit. Up and until this point in time, nothing should interfere with passionately pursuing the idea.

Remove organizational barriers to entrepreneurship: All aspects of leadership must be fully committed to entrepreneurial ideals, especially the CEO. Many companies do fantastic research, but do not have the culture to continue onward. The larger the company, the larger the organizational barriers or the more sophisticated the organizational chart. Sadly, 99 percent of the people might say, “Let’s pursue this new venture, it has lots of potential,” but one person can bring it quickly to a halt, never to be seen or heard of again.

Brutally honest with the highest integrity, especially with finances: Many companies, whether a startup, a mature business, or a non-profit take a delusional view of its finances. They underestimate cost and time to implement and overestimate the sales/revenue. If this happens in any organization, it is the recipe for either a short or long road to financial unhealth, which can lead to bankruptcy. A business can only survive if it has a clear understanding of its finances.

Summary

Anyone can be an entrepreneur, but some are born with more of a propensity to create and see opportunities. Any company can be entrepreneurial, but it also requires building a culture that rewards and promotes entrepreneurial thinking, which we will discuss in subsequent lessons. Here is a truth that every company should recognize:

If someone in the organization has a great idea and management decides it is not worthy, expect that person to leave and become its competitor.

Here is the ultimate question to ask: How can I make innovation, flexibility and creativity operational in a company? If we could figure this out, it would be magic.

EXERCISE

Complete the form at the end of this lesson for your company. If one or more of the entrepreneurial characteristics noted needs to be addressed, please describe the issues and develop potential solution(s).

Discussion Questions

1. How does your company meet an unmet need of customers? How can it serve your customers better? Please be specific.
2. What entrepreneurial company do you admire? Why?
3. Of the characteristics listed in the Exercise, which one do you see as the most difficult?
4. If you were starting a company today, what do you think it would be?
5. What do you see as the most significant mistakes companies make?
6. What creates value in your company? What does not create value in your company?

TAKE ACTION

- Over the next several lessons, please consider how your company might become more entrepreneurial. Attached is a form for you to use.

CLOSING PRAYER

ADDITIONAL RESOURCES

- *21 Days to a Big Idea* by Bryan Mattimore (This is an excellent idea generation book)
- *EntreLeadership – 20 Years of Practical Business Wisdom from the Trenches* by Dave Ramsey
- *The E-Myth Revisited – Why Most Small Businesses Don't Work and What to Do About It* by Michael E. Gerber
- *Faith & Co. - Business on Purpose, Group Study Guide* by Seattle Pacific University

Evaluate your company, a company with whom you do business, or a company you formerly did business with using the criteria below.

Company: _____

| Characteristics of Entrepreneurial Company | Rating 1-5 (best) | Issue | Potential Solutions |
|--|-------------------|-------|---------------------|
| See opportunities in the marketplace | | | |
| Uniquely meet needs of customer | | | |
| Relentlessly pursue the idea | | | |
| Remove organizational barriers | | | |
| Are brutally honest and have integrity, especially with finances | | | |
| Other: | | | |
| | | | |