entrepreneurship

4TH ASIA-PACIFIC EDITION O-

Michael SCHAPER | Thierry VOLERY O
Paull WEBER Brian GIBSON

WILEY

Contents

Preface	mi
Acknowledgements	xviii
•»	
CHAPTER 1 Entvepveneurship: definition and evolution	3
Defining entrepreneurship	4
Towards a definition of entrepreneurship	5
The key elements of entrepreneurship	5
Entrepreneur profile: Olivia Lum, Hyflux	9
The process of new venture creation	10
The role of entrepreneurship In economic growth and development	11
Values, politics and economic institutions	12
The relationship between entrepreneurship and economic growth	14
Common features of entrepreneurship in the Asia-Pacific region	16
Sociocultural features of ethnic Chinese	17
Ethnic Indians	18
The pyramid structures of Asian family firms	18
The role of the state	19
Emerging trends	20
Summary	22
Case study: TeacherTime	24
CHAPTER 2 Opportunities and entrepreneurs	29
individuals and opportunities	30
The discovery perspective	30
The creation perspective	31
Key differences between discovery and creation theory	32
The decision to exploit entrepreneurial opportunities	34
Understanding the profile of an entrepreneur	35
The roles of entrepreneurs: an economic perspective	35
The characteristics of entrepreneurs: a behaviourist approach	37
Entrepreneur profile: Matt Barrie, Freelancer.com	39
The risks of a career in entrepreneurship	39
Financial risks	39
Career risks	40
Social risks	40
Health risks	40
Relevant performance measures	41
What would you do? Dishing up success?	42
Entrepreneurs in a social context	43
Stage of life and entrepreneurial behaviour	43
Social networks and entrepreneurial behaviour	44
Ethnicity and entrepreneurship	44

Summary	45
Case study: Rebekah Campbell, Posse	47
EEIffIIP'v'Effi D (OtosariMttV, SnDMWffiQfira acai (mtompraiiDimrsMp	ID
Creativity	52
The three components of creativity	52
Creativity techniques -	54
Factors influencing creativity	57
What would you do? Weighing in with creativity	58
Innovation	59
Incremental versus disruptive innovation	59
Sources of innovation	63
Entrepreneur profile: Rod Drury, Xero	64
Unking creativity, Innovation and entrepreneurshlp	65
Knowledge development during the entrepreneurial process	66
Developing and disseminating knowledge through social networks	67
From creativity to entrepreneurshlp: screening opportunities	67
Is it real? Establishing the novelty, patentability and technical feasibility	68
Is it viable? Showing the superiority of the product and market interest	69
Is it worth it? Showing a positive return	70
Summary	71
Case study: JamiQ	72
@[WiFHIi3 4 SooDaDfl IMtanisss: MHBiims SIDGEI	тт
Defining small business	78
Generic definitions	78
National definitions of small business	79
Characteristic features of a small business	82
General aspects	82
Differences between small and large businesses	83
Home-based businesses: a unique form of small enterprise	85
The advantages and disadvantages of operating a small business	86
Entrepreneur profile: Tina Rutzou, Beachside Fitness	86
Factors leading to success and failure	88
The economic significance of the small business sector	90
General importance	90
Entrepreneur profile: Chloros Solutions Pte Ltd	92
Global significance	93
Entrepreneur or small business owner-manager?	95
What would you do? The shirt on his back	97
Summary	97
Case study: Bespoke Threads — tailor-made for success	99
(gmampiBB S GronnDnranQaity rantasBs mil smmsllll IMedisss	Dig
integrating entrepreneurshlp and society	106
Societal and philanthropic responsibility	107
What would you do? The fin edge of the wedge?	108

Environmental responsibility	109
Social entrepreneurshlp	111
Entrepreneur profile: Goolarri Media Enterprises	112
The nature and extent of family business	113
Issues unique to family business	115
Business founder influence	116
Next-generation involvement 4	116
Entrepreneur profile: The Ambani family, India	117
Intergenerational transition	118
Internal sources of conflict	118
Summary	119
Case study: HealthPlus Pty Ltd	120
PART 2 Getting into business	
CHAPTER 6 Options fov going into business	127
Issues to consider before going into business	128
The entrepreneur/small business owner: personal goals and abilities	128
Resource availability	129
The opportunity	130
Starting a new business	130
The advantages of starting a new business	130
What would you do? Food for thought	131
The disadvantages of starting a new business	132
Costs of a start-up venture	133
Purchasing an existing business	134
Entrepreneur profile: Kelly Baker-Jamieson, Edible Blooms	134
Establishing a purchase price	135
Questions to ask	139
Other issues	140
Entering a franchise system	140
Advantages and disadvantages of franchising	141
Comparison of options	143
Procedural steps when starting a business venture	143
Undertake market research	144
Check the statutory requirements	144
3. Access suitable core resources	145
4. Critically evaluate options: buy, start-up or franchise?	145
5. Work out financial projections	145
6. Prepare a business plan	146
Summary	146
Case study: Looking for leaks	147
GHAPTER 7 Market research and strategy formulation	151
The role of market research	152
What to research?	152
Constraints on research	154
Conducting research	155
Secondary information	156

What would you do? Peta's Play Panels	
Primary information	159
Developing a strategy j*	161
Two perspectives on strategy	162
Market-led perspective on strategy	163
Entrepreneur profile: Kim Miller and Michael Frizell, Paws for Life	167
A resource-based theory of entrepreneurship	167
Developing a business model	170
Components of the business model	170
Use of business models	172
Summary	172
Case study: Hunter Safety Lab	173
CHAPTER 8 Preparing a business plan	177
The concept of a business plan	178
Tlie advantages and disadvantages of planning	179
Elements of a business plan	180
Title page	181
Executive summary	181
Background	181
Marketing	182
Operations and production	184
Financial projections	185
Implementation timetable	186
Appendixes	186
Different types of plans	186
Specificity	186
length	187
Audience	187
What would you do? Robin the Hood, superheroes online and on demand	188
Time frame	188
Strategic or operational orientation	189
Preparing the document: the business-planning process	189
1. Set preliminary goals	189
2. Conduct initial research using secondary data	190
3. Confirm goals	190
4. Conduct subsequent detailed research	190
5. Write the business plan	190
6. Critically assess the proposed plan	190
7. Implement	190
8. Evaluate the plan	191
Summary	191
Case study: From Howling Wblves to howling success	192
Case study: Business plan scenario — a blueprint for success?	194
Chapter 8 Appendix: Sample business plan	197
Section 1: Executive summary	200
Section 2: Background	200

Section 3: Marketing	201
Section 4: Operations	205
Section 5: Financial projections	209
Section 6: Implementation timetable, 2014-15	218
Section 7: Appendix — Research reference sources	218
(gIMIP'iFIIIS ® Baogjafl issnnffis	ID®
Legal structures	220
Sole proprietorship	220
Partnership	222
Company	223
Trusts	225
Comparing legal structures	228
What would you do? Helping Siti	229
Intellectual property	230
Patents	230
Trademarks	232
Industrial designs	232
Copyright	233
Trade secrets	233
Entrepreneur profile: Michael Wee, often copied but never equalled	234
Other legal issues	235
Licences and permits	235
Taxation	236
Registering for a goods and services tax (GST)	237
Competition (trade practices) law	238
Summary	238
Case study: Tunnel vision	240
Elffl/filP'iPISia 0GD FniiasisDieOoasi ODons&nDisss wamflMBS	£4\$
Sources of debt finance	244
Bank overdraft	245
Term loan	245
Trade credit	246
Leases	247
Sources of equity finance	247
Founding owner's equity	247
Family and friends	248
Business angels	248
What would you do? Keeping a cool business head	249
Venture capital	249
Publicly raised equity	252
Entrepreneur profile: Peter Marshall, Tallon Systems	254
Other useful categorisations of finance sources	254
Short-term versus long-term finance	255
Life cycle finance (early-stage versus expansion)	256
Financing challenges for start-ups and innovative SMEs	258

Physical site factors	319
Operations as a management process	318
CHAPTER 13 Operations management	317
Case study: Handmade Homewares	313
Summary	311
Evaluation of marketing	310
What would you do? Understanding the green Chuppie	309
People, process and physical evidence	309
Entrepreneur profile: Justin Miller, CEO of Sensear Pty Ltd	308
Placement	306
Price	297
Promotion	296
The product or service	295
The marketing mix	295
Understanding the market	294
Goal setting	293
An overview of the marketing process	293
The concept of marketing	292
CHAPTER 12 Marketing	291
-	
Case study: Ushers	285
Summary	283
Business incubators	282
Private sector assistance	280
Forms of support for new and small firms . Government assistance	280
·	280
Choosing a professional adviser The use and effectiveness of advisory services	277
Sourcing advisers Chapsing a professional adviser	277 277
Advisory styles	274 277
Entrepreneur profile: Jazally, Beach to bar wear	273
Types of professional adviser	271
The evolution of business advisory services	270
What would you do? Fragile goods?	269
The business adviser	268
CHAPTER II Accessing business advice and assistance	267
CHARTER III. Accession business advise	
Case study: Getting a head start	264
Summary	263
Government-backed schemes	260
Debt factoring and discounting	260
Alternative sources of finance	259

Premises	319
Location	321
Internal layout	321
Production processes	323
Workflow	323
Service design	323
Supply chain management issffes	327
Entrepreneur profile: Sritharan Vellasamy, WordLabs	328
Operating equipment	329
Evaluating, improving and securing operational activities	330
Assessing and controlling current operations	330
Procedural systems and quality assurance	334
Risk management	335
What would you do? Caught in the Cross-Fire™	336
Summary	338
Case study: Damien's guided computer repairs	339
[BIMIP'IP <u>im</u> D41 <u>reinnntmam</u> irtssaDnnirttscs nssnnss Una hbsot sonoS suaasDO ffflffmras	
ionos suaasdo minimiras	
Concept and functions of human resource management	344
HRM as a business strategy	345
Acquisition of staff	346
To employ or not?	346
Organisational structure	349
Job analysis	350
Setting selection criteria	350
Remuneration and rewards	350
Recruitment sources	352
Entrepreneur profile: Keith Cantlie, Cantlie Recruitment	353
Ttie employment contract	354
Maintenance	354
Orientation and induction	355
Motivation mechanisms	355
Entrepreneur profile: Prakash Menon, NIIT	356
Performance appraisal	357
Termination	358
What would you do? Engineered to succeed	359
Governmental and regulatory requirements	359
Occupational health and safety	360
Workers compensation insurance	360
Taxation	360
Equal employment opportunity	360
Retirement and superannuation funds	360
Suitable records	361
Self-employment and human resources	361
Differences in employment practices between large and small firms	362
	363
HRM variations across the Asia-Pacific region	000
HRM variations across the Asia-Pacific region Summary	364

EffiiaiPfIIia D1 IFiDDSotKBisill fi&DffcDirmiDsiQoQiinD sudgD oBDasB&ggisna&ienaQ

Objectivity !!	370
Objectivity "	370
Financiers' expectations	370
Statutory requirements	371
Viability	371
Profitability	371
Goal setting	371
Purchase or sale of a business	371
Performance appraisal	372
Differences between small and large firms	372
Regional variations in financial management	373
Types of financial information	374
Sales summary	374
Cash flow statement (or forecast)	375
Profit and loss statement	377
Balance sheet	378
A word about the goods and services tax	380
Personal expenses	380
Owner's assets and liabilities	380
Forecasts or historical documents?	381
Entrepreneur profile: Eric Rongley: In search of paying customers	381
Analysing financial data	382
Profitability ratios	383
Liquidity ratios	383
Efficiency ratios	384
Keeping records of financial information	385
What would you do? Rolling in the dough?	386
Summary	389
Case study: Klein Bottle Interiors	394
eempq	SSD
eempq (EDO/SWIIIS D® D(Sf as a tasSffiusss QcdqdD	SSD <3GDD
(EDO/SWIIIS D® D(Sf as a tasSffiusss QcdqdD Defining ICT in the SME context The role and importance of ICT for SMEs	<3GDD
(EDO/SWIIIS D® D(Sf as a tasSffiusss QcdqdD Defining ICT in the SME context	<3GDD
(EDO/SWIIIS D® D(Sf as a tasSffiusss QcdqdD Defining ICT in the SME context The role and importance of ICT for SMEs Hie importance of data, information and knowledge ICT adoption by SMEs	<3GDD 402 403
(EDO/SWIIIS D® D(Sf as a tasSffiusss QcdqdD Defining ICT in the SME context The role and importance of ICT for SMEs Hie importance of data, information and knowledge	<3GDD 402 403 403
(EDO/SWIIIS D® D(Sf as a tasSffiusss QcdqdD Defining ICT in the SME context The role and importance of ICT for SMEs Hie importance of data, information and knowledge ICT adoption by SMEs	<3GDD 402 403 403 404
(EDO/SWIIIS D® D(Sf as a tasSffiusss QcdqdD Defining ICT in the SME context The role and importance of ICT for SMEs Hie importance of data, information and knowledge ICT adoption by SMEs Information systems for SMEs Transaction processing systems (TPS) Office automation systems (OAS)	<3GDD 402 403 403 404 405
(EDO/SWIIIS D® D(Sf as a tasSffiusss QcdqdD Defining ICT in the SME context The role and importance of ICT for SMEs Hie importance of data, information and knowledge ICT adoption by SMEs Information systems for SMEs Transaction processing systems (TPS) Office automation systems (OAS) Management information systems (MIS)	<3GDD 402 403 403 404 405 406
(EDO/SWIIIS D® D(Sf as a tasSffiusss QcdqdD Defining ICT in the SME context The role and importance of ICT for SMEs Hie importance of data, information and knowledge ICT adoption by SMEs Information systems for SMEs Transaction processing systems (TPS) Office automation systems (OAS)	<3GDD 402 403 403 404 405 406 407
Defining ICT in the SME context The role and importance of ICT for SMEs Hie importance of data, information and knowledge ICT adoption by SMEs Information systems for SMEs Transaction processing systems (TPS) Office automation systems (OAS) Management information systems (MIS) Decision support systems (DSS) Implementing an ICT strategy	<3GDD 402 403 403 404 405 406 407 408
(EDO/SWIIIS D® D(Sf as a tasSffiusss QcdqdD Defining ICT in the SME context The role and importance of ICT for SMEs Hie importance of data, information and knowledge ICT adoption by SMEs Information systems for SMEs Transaction processing systems (TPS) Office automation systems (OAS) Management information systems (MIS) Decision support systems (DSS)	<3GDD 402 403 403 404 405 406 407 408 408
Defining ICT in the SME context The role and importance of ICT for SMEs Hie importance of data, information and knowledge ICT adoption by SMEs Information systems for SMEs Transaction processing systems (TPS) Office automation systems (OAS) Management information systems (MIS) Decision support systems (DSS) Implementing an ICT strategy	<3GDD 402 403 403 404 405 406 407 408 408 409
Defining ICT in the SME context The role and importance of ICT for SMEs Hie importance of data, information and knowledge ICT adoption by SMEs Information systems for SMEs Transaction processing systems (TPS) Office automation systems (OAS) Management information systems (MIS) Decision support systems (DSS) Implementing an ICT strategy Types of ICT used by SMEs	<3GDD 402 403 403 404 405 406 407 408 408 409 410

Why engage in e-commerce?	412
Building a web presence	415
What would you do? Amelia's Craft Supplies	415
Attracting visitors to a website	416
Advertising on third party websites	416
Entrepreneur profile: Victoria Ransom, starting a wildfire	419
Summary ^	420
Case study: 3Flooisup	422
CHAPTER 17 Managing growth and tvansition	427
The dimensions of business growth	428
Financial growth	429
Strategic growth	429
Organisational growth	430
The choice of not growing	430
Entrepreneur profile: Ronni Kahn, OzHarvest	431
Theorising about small business growth	431
Life cycle	431
Teleology	433
Evolution	433
Dialectic	434
Growth predictors	434
Growth strategies and growth enablers	435
Internal growth strategies	436
External growth strategies	438
Growth enablers	439
From the entrepreneur to the manager	440
Defining the manager's job	441
The steps towards professional management	441
TTie founder's dilemma	442
What would you do? Squish Buah	442
Harvesting	443
Key elements to consider when planningan exit	443
Sale to a financial or a strategic buyer	445
Management buy-out	446
Strategic alliance and merger	446
Initial public offering	447
Summary	447
Case study: Les Mills International — fit for growth	449
CHAPTER 18 Corporate entrepreneurship	453
Dimensions of and rationale for corporate entrepreneurship	454
Towards a definition of corporate entrepreneurship	454
Entrepreneur profile: Corporate entrepreneurship initiatives at IBM	457
Rationale for corporate entrepreneurship	458
The new venture development process	_ 460
Idea generation	461
Concept development	462

Business plan development	463
Incubation and commercialisation	463
Value capture ,	464
What would you do? Marapiii Food	465
The key steps in developingentrepreneurial spirit	465
Develop a vision and a strategy	466
Create a culture of innovation #	\$ 467
Develop organisational support	468
Reward according to results	471
Communication	472
Summary	473
Case study: Wbng Instant Messaging	475
Glossary	480
Index	486