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# TOPIC 5

## Entrepreneurship

### 5.1 Overview

Numerous **videos** and **interactivities** are embedded just where you need them, at the point of learning, in your learnON title at [www.jacplus.com.au](http://www.jacplus.com.au). They will help you to learn the content and concepts covered in this topic.

#### 5.1.1 It starts with an idea

All businesses originally start with an idea. That is how Bakers Delight began. Roger and Lesley Gillespie established Bakers Delight in 1980 as a small bakery on Glenferrie Road in Hawthorn, a suburb in Melbourne. There are now more than 700 Bakers Delight bakeries around the world. The success of the Gillespies' business comes down to their hard work and their apparent lack of the fear of failure. The owners state that the name 'Bakers Delight' originated from the belief that bakers should be delighted by the product they bake and that every customer should be delighted by the service they receive. This idea still drives what Bakers Delight does today.

**FIGURE 1** Roger and Lesley Gillespie from Bakers Delight



#### Starter questions

To answer questions online and to receive **immediate feedback** and **sample responses** for every question, go to your learnON title at [www.jacplus.com.au](http://www.jacplus.com.au). *Note:* Question numbers may vary slightly.

1. Why do you think that Roger and Lesley Gillespie started Bakers Delight?
2. Would you like to start your own business? What would you sell?
3. At what age do you think you are allowed to start a business?
4. How would you feel if you started a business and it became very successful?
5. What does an entrepreneur do?

#### INQUIRY SEQUENCE

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 Explore more with this weblink: Small business entrepreneur video

## 5.2 What is an entrepreneur?

### 5.2.1 Turning ideas into a business

Not everyone knows how to turn their ideas into a **business**. A person who is willing to take a risk and has the qualities required to turn an idea into a successful business is called an **entrepreneur**. An entrepreneur's methods are sometimes regarded as groundbreaking and innovative. For these people, the opportunity to explore untapped markets with no guarantee of success can be motivation itself. However, for those whose ideas translate into a successful business venture, the **profits** are often huge.

### 5.2.2 So what is an entrepreneur anyway?

An entrepreneur is someone who could be just like you.

Entrepreneurs:

- have great ideas and do something about them
- hunt for opportunities to promote their ideas
- thrive on the challenge of creating their own successful business
- make money out of solving problems and selling their ideas
- usually start up their own businesses.

#### How old do you have to be?

Any age! If you have a great idea and the determination to make it happen, you could join this list of young entrepreneurs who enjoy some huge success stories:

- Eagle Boys Pizza was created by a 23-year-old from Albury, New South Wales.
- Subway sandwiches were the brainchild of 17-year-old US-based Fred DeLuca.
- Rip Curl, an Australian company, was started up in the Australian backyard of surfers Brian Singer and Doug Warbrick.
- Dell Computers was set up when 18-year-old Michael Dell realised it was a lot cheaper to build computers than to buy them ready made.
- Poppy King founded Poppy Industries Pty Ltd at age 18 after recognising there was a gap in the market for matte lipstick.
- Molly Whiticker-Ferrie was aged 14 when she started her Melbourne-based business, Fairy Friends Forever, which specialises in birthday parties for girls.
- Taylah Golden and Ellie Jordan were only 12 years old when they started their online sleepwear business called Jordan Taylah.

### 5.2.3 Who are some successful entrepreneurs?

There are many examples of youthful entrepreneurs who have gone on to be successful business owners. A famous one is Sir Richard Branson, chief executive officer of the Virgin Group. He started his first business,

**FIGURE 1** Could you be an entrepreneur? If you have most of these attributes and skills, your chances of entrepreneurial success look good.



**FIGURE 2** Richard Branson with his daughter Holly



a student magazine, when he was aged 16 and still at school. Another example is Bill Gates, co-founder of Microsoft. His interest in computers and computer software began when he was 13 years old.

### Richard Branson

Richard Branson is the founder of the Virgin group, which comprises hundreds of companies including an airline, a train company and a mobile phone network. He started his first business at the age of 16. You may have seen Richard Branson in the media because he is famous for his publicity stunts whenever Virgin launches a new business or project. One of Richard Branson's current big ideas is commercial space travel.

If you have heard Richard Branson speaking, you will know that he is passionate and enthusiastic. He listens to staff and customers, carrying a notebook with him wherever he goes so that he can write down what he sees and hears. He then follows up on the ideas. He shares Virgin's future plans with his staff, and his vision inspires people to perform at their best.

### Mark Zuckerberg

Mark Zuckerberg is a famous American entrepreneur. He is one of the founders of the very successful social media site Facebook. Mark Zuckerberg is a computer programmer who began creating websites while he was at college. In 2004, he launched Facebook and it has grown in popularity ever since. As of December 2015, there were more than one billion daily users of Facebook (according to the Facebook website). His business has been successful because he has specialised skills and was willing to take a risk to develop a unique business idea.

Mark Zuckerberg believes in the open and free flow of information between people. Facebook has allowed this to occur, but it has also created controversy throughout its years of operation. As a result of Facebook's success, Mark Zuckerberg has been able to donate significant amounts of money to charitable causes.

FIGURE 3 Mark Zuckerberg



### Carolyn Creswell

Carolyn Creswell is the founder of Carman's Fine Foods. She scraped together \$1000 when she was 18 years old to buy out the homemade muesli business that she worked for. Today, Carman's products are sold in supermarkets across Australia and exported to more than 30 countries.

Some people suggest that the business is an overnight success, but Carolyn Creswell responds that she has been successful because of hard work.

She learned everything she knows about the business while working on the job, and she believes this makes it easier for her to empathise with staff. Carolyn Creswell is driven by passion rather than the desire to make money. She believes it is vital to have a clear vision of where the business is heading and to consider that when making every decision.

FIGURE 4 Carolyn Creswell



### Lorna Jane Clarkson

Lorna Jane Clarkson is the founder of workout fashion business Lorna Jane. She began making leotards while she worked as a dental therapist and realised that there was a demand for fashionable activewear. Lorna Jane Clarkson and

her husband, Bill, opened their first store in 1993. There are now more than 150 Lorna Jane stores worldwide.

Together with her husband, Lorna Jane Clarkson has never been afraid to take a risk. While other businesses believed that the market for fitness garments was too small to make a profit, the Clarksons decided to focus on that **niche market** anyway. The success of their business can be traced back to their vision and good management. Lorna Jane is renowned for innovative designs and for listening to customers, particularly through social networking.

FIGURE 5 Lorna Jane Clarkson



## 5.2 Activities

To answer questions online and to receive **immediate feedback** and **sample responses** for every question, go to your learnON title at [www.jacplus.com.au](http://www.jacplus.com.au). *Note:* Question numbers may vary slightly.

### Remember

1. In your own words, what is an entrepreneur?
2. At what age can you be an entrepreneur?

### Explain

3. Outline the sort of personality and qualities that a successful entrepreneur is likely to have. Suggest why these might be needed.
4. Select one of the entrepreneurs discussed in this section and answer the following questions:
  - (a) Why is this person an entrepreneur? Has he or she been successful so far? Explain.
  - (b) How did they put their business idea in place?
  - (c) If you were the entrepreneur's business adviser, what three tips would you give them for continued business success? Discuss these with a partner.

### Discover

5. Choose an entrepreneur — from this section or one that you know — and investigate the behaviours and skills that they bring to their business. Use the questions below to help you.
  - (a) What business did this entrepreneur start, and at what age?
  - (b) Why did this person become an entrepreneur?
  - (c) What behaviours does this person display that make them an entrepreneur?
  - (d) What skills does this entrepreneur have?

### Predict

6. What do you think would happen to Australia's economy if we had no entrepreneurs?

### Think

7. Do you think you have 'got what it takes' to be an entrepreneur? Explain, drawing attention to what you see as your strengths and weaknesses for such a career.
8. In small groups, come up with an original business idea. Through discussion, develop a strategy for launching your new product. You will need to consider how it will be promoted (e.g. advertising and publicity), distributed (e.g. online or shopfront) and priced (e.g. interest-free loans or 'cheaper than all competitors' promises). Present your concept to the class using a PowerPoint or Keynote display. Negotiate the task each group member will perform.

## 5.3 Business owner or entrepreneur?

### 5.3.1 Are they different?

We have looked at some examples of well-known entrepreneurs. But what is the difference between a business owner and an entrepreneur? Unfortunately, there is no easy answer to this question. Both business owners and entrepreneurs run businesses. The difference is best seen in the behaviours and skills that entrepreneurs bring to a business that people who simply run businesses do not have.

### 5.3.2 Business owners and entrepreneurs

Business owners play an important role in the economy, just as entrepreneurs do. A business owner might start their own businesses, just as entrepreneurs might. Business owners might purchase an existing business and run that, just as entrepreneurs also run businesses.

However, business owners tend to be content with simply running a business on a day-to-day basis so that it makes a profit. They prefer to minimise risks and make calculated decisions where the outcome is reasonably clear. However, entrepreneurs do much more than that. As we know, entrepreneurs seize opportunities and take risks. Entrepreneurs also establish a shared vision and demonstrate initiative, innovation and enterprise. A business owner might have an idea for solving a problem and meeting that need in order to satisfy a **target market**, whereas an entrepreneur's vision might be to make a big change or have an impact on the world. Entrepreneurs often do not know if their ideas are achievable or not.

The typical questions that need to be considered by both business owners and entrepreneurs when starting a new business are illustrated in the figure 1.



Let us have a closer look at some of the behaviours and skills that entrepreneurs bring to a business.

### 5.3.3 A shared vision

When an entrepreneur has a **vision**, it means they have an understanding or hope of what the business will be like in the future. This gives the business a clear direction. Having a shared vision means that everyone in the business works together, as a team, to develop and then accomplish a goal. When this happens, it is

much more likely that staff will enthusiastically contribute to making sure the vision is achieved.

### 5.3.4 Initiative

When an entrepreneur demonstrates **initiative**, it means they are taking the first step in a series of actions or in a process. This is frequently done without someone prompting or telling them to take this step; an entrepreneur will usually make this decision independently. However, they might seek the help or advice of other people before they do so.

Andrew Bassat was the 2013 Australian EY Entrepreneur of the Year. EY refers to the global organisation, Ernst & Young Global Limited. Andrew Bassat displayed initiative when he co-founded SEEK Limited in 1997 even though he had very little knowledge of the internet. SEEK is now the world's largest online employment marketplace.

### 5.3.5 Innovation and enterprise

**Innovation** is either adding a new product (which can be a good or service) to an existing product line, or significantly improving an existing product or process. This is different from inventing, where a completely new product or process is developed. Innovation could simply involve changing the way a business works so that it delivers better products. **Enterprise** is the effort made by someone to creatively or boldly achieve something new. Entrepreneurs exhibit enterprise by taking risks to determine if the market is interested in their new ideas.

**FIGURE 2** A shared vision is much more likely to be achieved because people who are involved in developing a vision will be more inspired to work towards the goal of achieving it.



**FIGURE 3** Andrew Bassat (far right) with his SEEK co-founders



**FIGURE 4** Holographic communication is widely predicted to be an innovation that will change the way we work and talk to each other over the next few years.

