

COMMONWEALTH OF AUSTRALIA

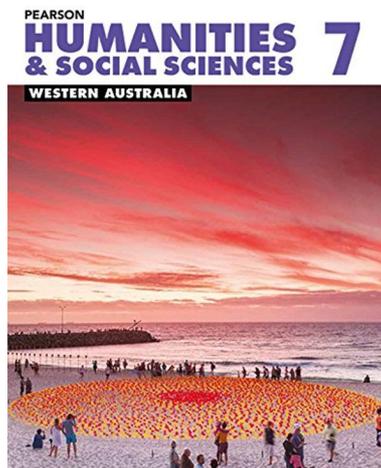
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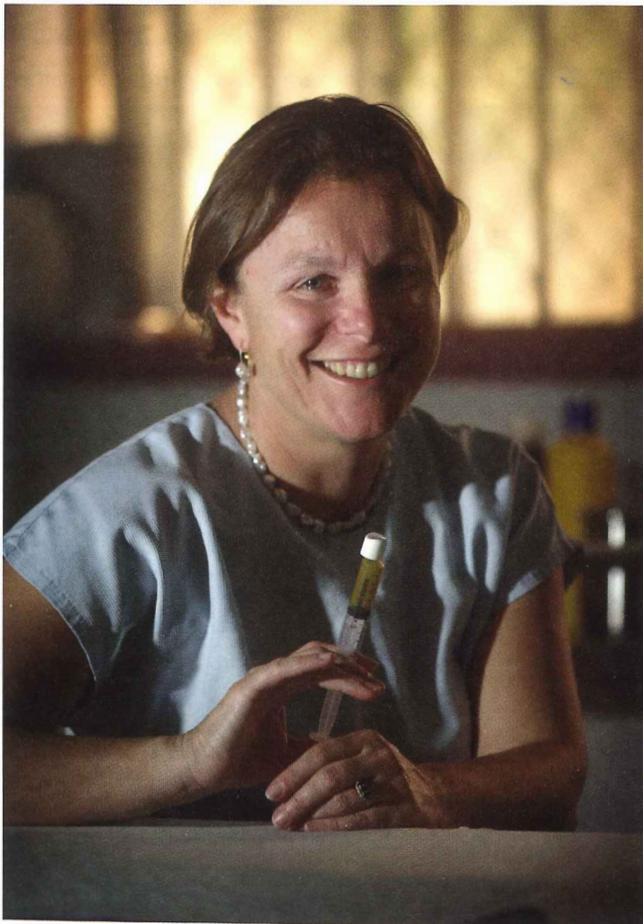
Atkinson, A., Byrne, P., Hamann, J., Hamper, D., Kleeman, G., Melissas, S., ... Wilson, K. (2017). *Humanities and social sciences, 7, Western Australia*. Melbourne: Pearson.

Entrepreneurs

The characteristics of entrepreneurs

An **entrepreneur** is someone who contributes enterprise to a firm's operations. They are generally recognised as the owners or senior managers of successful firms; however, anyone in a genuine leadership role is required to demonstrate entrepreneurial ability. Most successful entrepreneurs demonstrate a combination of these characteristics:

- innovation
- initiative
- self-motivation
- willingness to take appropriate risks.



Source 3.4.1 The 'spray-on skin' developed by Professor Fiona Wood was an innovative response to many of the problems experienced by medical staff when treating patients with severe burns. The product is now used worldwide.

Innovation

Innovation refers to the process of developing new ideas. Successful entrepreneurs come up with creative solutions to problems faced by their firm. This might involve concepts that will help attract or retain customers, or measures to reduce the firm's costs and increase profits. It can also involve developing entirely new products, such as Professor Fiona Wood's development of 'spray-on skin', which she created while working at Royal Perth Hospital in the late 1990s and early 2000s. This product is now widely used to treat severe burns.

Initiative

Successful entrepreneurs have the ability to act or take charge of a situation before others do. This is essential for predicting and responding to changes in the market. For example, when Janine Allis was in the United States in 1999 she realised that the fresh juice and smoothie market was rapidly expanding there. Despite the similarities between US and Australian consumers, there were very few juice bars in Australia at the time. Realising that this provided considerable business potential, she seized the initiative and established Boost Juice.

Self-motivation

Successful entrepreneurs are motivated to develop their ideas or business, and to persevere when difficulties emerge. Thomas Edison is an example of an entrepreneur who persevered in the face of significant difficulties. In developing the first commercially viable light bulb in the 1870s, he needed to solve the problem of finding a suitable material for the filament, the thin wire that produces the light emitted by traditional bulbs. Edison led his team in testing more than 6000 possible materials before finding one that was suitable. Without Edison's perseverance and motivation it may have been many more years before a cost-effective light bulb was developed and put on the market.

Willingness to take appropriate risks

All entrepreneurs need to take risks, whether they are starting a new firm, developing a new idea or finding ways to reduce costs. Sometimes this may involve risking large amounts of money, time or reputation. The entrepreneur needs to be able to assess the likelihood of their project succeeding, and decide whether the potential benefits of the project are worth the risks.

Smiggle is an example of a company where the managers have taken carefully considered risks. The firm was founded in Melbourne in 2003 and soon experienced considerable success. In 2008 the managers took the risk of expanding into New Zealand, then to Singapore in 2011 and

the United Kingdom in 2014. These expansions required the firm to spend significant amounts of money. To help manage the risks involved in each expansion, the firm engaged in a lengthy period of market research and planning; despite this careful planning, however, some risks and uncertainties remained. It was the task of the firm's managers and entrepreneurs to make the final decision about whether or not to proceed. While Smiggle's expansion has been successful so far, there are many other entrepreneurs who have not had this degree of success.

ACTIVITIES

Remembering and understanding

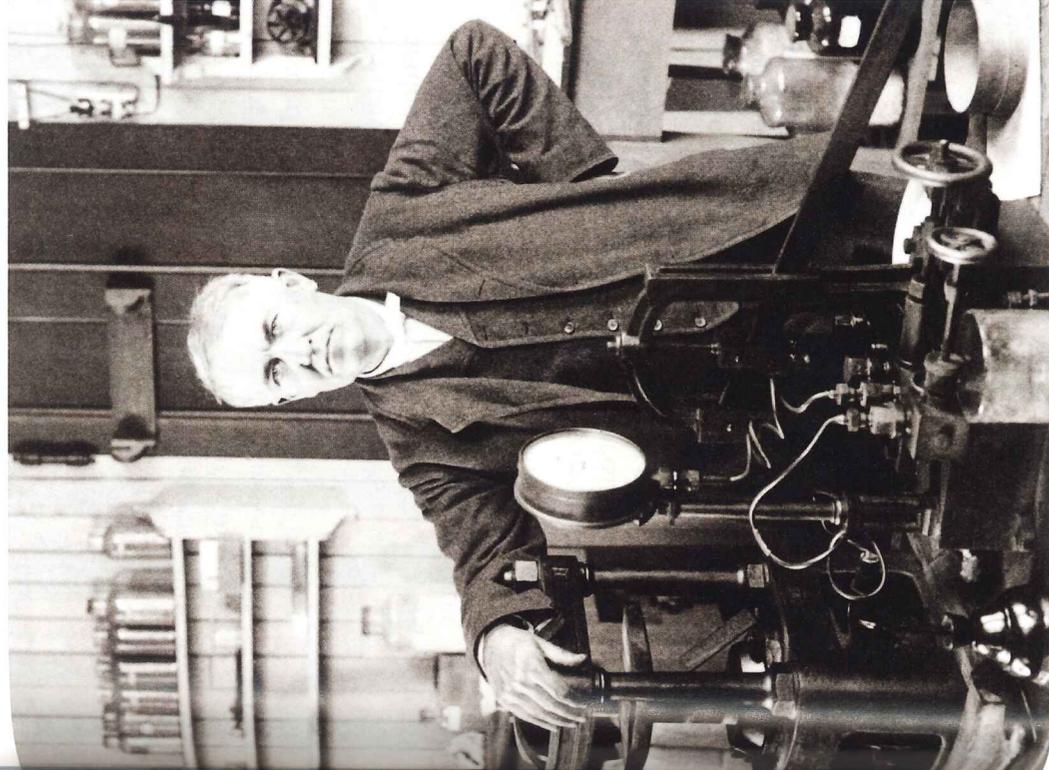
- 1 Define the term 'entrepreneur'.
- 2 What are the four characteristics most successful entrepreneurs demonstrate?
- 3 Name the business Janine Allis started when she showed initiative.
- 4 Where and when did Smiggle first expand its business?

Applying and analysing

- 5 Identify how Thomas Edison showed self-motivation and perseverance when he was developing the first commercially viable light bulb.

Evaluating and creating

- 6 Study Source 3.4.1. Research how and when Professor Fiona Wood developed 'spray-on skin'.



Source 3.4.2 Thomas Edison (1847–1931) was a notable entrepreneur, developing over 1000 products, including the first low-cost, long-lasting light bulb.