**PART I: The Entrepreneurial Mind-Set in the Twenty-First Century**

Chapter 1 - Entrepreneurship: Evolutionary Development—Revolutionary Impact

Chapter 2 - The Entrepreneurial Mind-Set in Individuals: Cognition and Ethics

Chapter 3 - The Entrepreneurial Mind-Set in Organizations: Corporate Entrepreneurship

Chapter 4 - Social Entrepreneurship and the Global Environment for Entrepreneurship

**CHAPTER 1 ENTREPRENEURSHIP: EVOLUTIONARY DEVELOPMENT—REVOLUTIONARY IMPACT**

**CHAPTER OUTLINE**

1. Entrepreneurs—Breakthrough Innovators
2. Entrepreneurs versus Small-Business Owners: A Distinction
3. Entrepreneurship: A Mind-Set
4. The Evolution of Entrepreneurship
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	3. Myth 3: Entrepreneurs Are Always Inventors
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15. Entrepreneurship
16. Entrepreneur
17. Entrepreneurial Management

**FEATURED CONTENT**

Entrepreneurship in Practice: The E-Myth

The Entrepreneurial Process: Beware of Emerging Entrepreneurial Opportunities

The Global Perspective: The Costs of Free Trade

The Entrepreneurial Process: The Best Business Schools for Entrepreneurship

**CHAPTER OBJECTIVES**

1 To examine the historical development of entrepreneurship

2 To explore and debunk the myths of entrepreneurship

3 To define and explore the major schools of entrepreneurial thought

4 To explain the process approaches to the study of entrepreneurship

5 To set forth a comprehensive definition of entrepreneurship

6 To examine the entrepreneurial revolution taking place today

7 To illustrate today’s entrepreneurial environment

**CHAPTER SUMMARY**

This opening chapter attempts to provide a broad perspective of the entrepreneurial evolution occurring throughout the United States and the world. Beginning with a discussion of entrepreneurs who have been compared to Olympic athletes, symphony orchestra conductors, and top-gun pilots, the chapter presents the perspective of entrepreneurship as an aggressive catalyst for change within the marketplace. Entrepreneurship is a mind-set that anyone can develop regardless of the setting.

*Entrepreneurship: Theory, Process, Practice* concentrates on entrepreneurs and entrepreneurial ventures where the entrepreneur’s principal objectives are innovation, profitability, and growth, not on small businesses, which, although they are independently owned and operated, are not dominant in their fields and usually do not engage in many new or innovative practices. As *Entrepreneurship* defines it, entrepreneurship is a dynamic process of vision, change, and creation. It requires an application of energy and passion toward the creation and implementation of new ideas and creative solutions. Essential ingredients include the willingness to take calculated risks—in terms of time, equity, or career; the ability to formulate an effective venture team; the creative skill to marshal needed resources; the fundamental skill of building a solid business plan; and, finally, the vision to recognize opportunity where others see chaos, contradiction, and confusion.

To underscore its approach to entrepreneurship, *Entrepreneurship* examines ten myths about the topic that, once safely sidestepped, allows for a foundation of research and contemporary theory to be built. The myths are presented to debunk misconceptions about entrepreneurship and educate the reader of the true nature of entrepreneurship. The chapter then provides an overview of entrepreneurial theory and contemporary research to broaden the horizon for studying entrepreneurship and to better focus on the what, how, and why behind the discipline.

This chapter next provides a perspective on the Entrepreneurial Revolution that is occurring throughout the United States and the world, discussing important statistics that support the entrepreneurial economy. For example, the U.S. Small Business Administration has reported that, during the past ten years, new business start-ups numbered nearly 600,000 per year. Approximately one new firm with employees is established every year for every 300 adults in the United States. Because the typical new firm has at least two owners/managers, 1 of every 150 adults participates in the founding of a new firm each year. Substantially more—1 in 12—are involved in trying to launch a new firm. And, during the “Great Recession” (as some have called our lengthy recessionary period), more Americans have become entrepreneurs than at any time in the past 20 years. The net result, then, is that the United States has a very robust level of firm creation. Among the 6 million establishments (single- and multisite firms) with employees, approximately 600,000 to 800,000 are added each year. That translates into an annual birthrate of 14 to 16 per 100 existing establishments.

A description of gazelles—business establishments with at least 20 percent sales growth every year, starting from a base of $100,000—and their impact on the economy is included, along with the challenges associated fast growth.

Eight trends in entrepreneurship in the twenty-first century are also itemized and the chapter ends with a review of three key concepts: entrepreneurship, entrepreneur, and entrepreneurial management. To be a successful entrepreneur, an individual must be an independent thinker who is willing to take risks and to dare to be different. Personal initiative, ability to consolidate resources, management skills, and risk taking are just a few of the important qualities needed to be a successful entrepreneur.

**LECTURE NOTES**

1. **Entrepreneurs—Breakthrough Innovators**

Individuals recognize opportunities where others see chaos or confusion. They are compared to Olympic athletes, symphony conductors, and top-gun pilots.

1. **Entrepreneurs versus Small-Business Owners: A Distinction**

The terms entrepreneur and small business owner are used interchangeably, but there are differences.

Small business owners are not dominant in their field and are not innovative.

The objectives of entrepreneurial ventures are innovation, profitability, and growth.

1. **Entrepreneurship: A Mind-Set**

Entrepreneurship is more than the mere creation of business.

A special perspective permeates entrepreneurs: seeking opportunities, taking risks beyond security, and having the tenacity to push an idea through to reality.

It is a mind-set that has revolutionized the way business is conducted at every level and in every country: inside or outside an organization, in for-profit or not-for-profit enterprises, and in business or nonbusiness activities.

1. **The Evolution of Entrepreneurship**

Entrepreneurship is from the French “entre prendre,” meaning “to undertake.”

An entrepreneur is an innovator or developer who recognizes and seizes opportunities; converts those opportunities into workable/marketable ideas; adds value through time, effort, money, or skills; assumes the risks of the competitive marketplace to implement these ideas; and realizes the rewards from these efforts.

Characteristics of entrepreneurs:

* Personal initiative
* The ability to consolidate resources
* Management skills
* A desire for autonomy
* Risk taking
* Aggressiveness
* Competitiveness
* Goal-oriented behavior
* Confidence
* Opportunistic behavior
* Intuitiveness
* Reality-based action
* The ability to learn from mistakes
* The ability to employ human relations skills

Historical developments in entrepreneurship:

* No single definition of entrepreneur exists.
* Recognition of entrepreneurs dates back to eighteenth-century France.
* Until 1950, the majority of definitions and references came from economists.
* Over the decade, writers have continued to modify the definition.
* Robert C. Ronstadt said, “Entrepreneurship is the dynamic process of creating incremental wealth.”
* In the twentieth century, the word entrepreneur became closely linked with free enterprise and capitalism.
* Entrepreneurs serve as agents for change, provide creative, innovative ideas for business enterprise and help businesses grow and become profitable.
* In the twenty-first century, entrepreneurs are considered heroes of free enterprise.
* Many people now regard entrepreneurship as “pioneership” on the frontier of business.

An integrated definition of entrepreneurship recognizes entrepreneurship as a dynamic process of vision, change, and creation.

1. **Avoiding Folklore: The Myths of Entrepreneurship**

**Myth 1: Entrepreneurs Are Doers, Not Thinkers**

Entrepreneurs have a tendency toward action, but they are also thinkers.

Emphasis today is on the creation of clear and complete business plans.

**Myth 2: Entrepreneurs Are Born, Not Made**

Traits include aggressiveness, initiative, drive, a willingness to take risks, analytical ability, and skill in human relations.

Entrepreneurship has models, processes, and case studies that allow traits to be acquired.

**Myth 3: Entrepreneurs Are Always Inventors**

This idea is a result of misunderstanding and tunnel vision.

Many inventors or innovators are also entrepreneurs.

Numerous entrepreneurs encompass all sorts of innovative activities.

**Myth 4: Entrepreneurs Are Academic and Social Misfits**

This myth results from people who have started successful enterprises after dropping out of school or quitting a job.

Historically, education and social organizations have not recognized the entrepreneur.

The entrepreneur, no longer a misfit, is now viewed as a professional.

**Myth 5: Entrepreneurs Must Fit the Profile**

Many books and articles have presented checklists of characteristics of the successful entrepreneur.

The environment, the venture itself, and the entrepreneur have interactive effects, which result in many different types of profiles.

**Myth 6: All Entrepreneurs Need Is Money**

That a venture needs capital to survive is true.

A large number of business failures occur because of lack of adequate financing.

Failure due to lack of financing indicates other problems:

* Managerial incompetence
* Lack of financial understanding
* Poor investments
* Poor planning

**Myth 7: All Entrepreneurs Need Is Luck**

Being in the right place at the right time is always an advantage.

“Luck” happens when preparation meets opportunity.

What appears to be luck could really be several factors:

* Preparation
* Determination
* Desire
* Knowledge
* Innovativeness

**Myth 8: Entrepreneurship Is Unstructured and Chaotic**

Entrepreneurs sometimes thought of as gunslingers who are assumed to be disorganized and unstructured, leaving it to others to keep things on track.

Heavily involved in all facets of their ventures, they tend to have a system to keep things straight and maintain priorities, which may seem strange to casual observers but works for them.

**Myth 9: Most Entrepreneurial Initiatives Fail**

Many entrepreneurs suffer a number of failures before they are successful.

Failure can teach many lessons to those willing to learn and often leads to future success.

The corridor principle states that with every venture launched, new and unintended opportunities often arise.

The “high failure rate” is misleading, according to researcher Bruce Kirchoff.

**Myth 10: Entrepreneurs Are Extreme Risk Takers**

The concept of risk is a major element in the entrepreneurial process.

The public’s perception of the risk most entrepreneurs assume is distorted.

Appearance may be that an entrepreneur is “gambling” on a wild chance but entrepreneur is usually working on a moderate or “calculated” risk.

1. **Approaches to Entrepreneurship**

**Schools-of-Thought Approaches to Entrepreneurship**

**THE MACRO VIEW**

Presents a broad array of factors that relate to success or failure in contemporary entrepreneurial ventures. Exhibits a strong external locus of control point of view.

Three schools of entrepreneurial thought take the macro view.

 **The Environmental School of Thought**

Deals with the external factors that affect a potential entrepreneur’s lifestyle. Focuses on institutions, values, and morals. Recognizes that friends and family can influence the desire to become an entrepreneur.

**The Financial/Capital School of Thought**

Deals with the search for seed capital and growth capital.Views the entire entrepreneurial venture from a financial management standpoint.

**The Displacement School of Thought**

Holds that the group hinders a person from advancing or eliminates certain factors needed to advance; consequently, the individual is projected into entrepreneurship in order to succeed. Frustrated individuals propelled into entrepreneurial pursuits.

Three major types of displacement:

* + - * Political displacement: Deals with government’s policies and regulations
			* Cultural displacement: Deals with social groups precluded from professional fields
			* Economic displacement: Deals with economic variations of recession and depression

**THE MICRO VIEW**

Exhibits an internal locus of control point of view.

Three schools of entrepreneurial thought take the micro view

**The Entrepreneurial Trait School of Thought**

Studies successful entrepreneurs who tend to exhibit similar characteristics. Four factors usually exhibited by successful entrepreneurs:

* Achievement
* Creativity
* Determination
* Technological knowledge

Deals with the family development idea that focuses on the nurturing and support that exists within the home atmosphere

**The Venture Opportunity School of Thought**

Emphasizes the search for sources of ideas, the development of concepts, and the implementation of venture opportunities. Views creativity and market awareness as essentials. Deals with the ability to recognize new ideas and opportunities and to implement the necessary steps of action. Preparation meeting opportunity equals “luck.”

**The Strategic Formulation School of Thought**

Emphasizes the planning process in successful venture development.Four major factors in considering the strategic formulation"

* Unique markets
* Unique people
* Unique products
* Unique resources

**SCHOOLS OF ENTREPRENEURIAL THOUGHT: A SUMMARY**

Knowledge and research available is in its embryonic stage. The field of entrepreneurship uses a number of theories in its growth and development.

**Process Approaches to Entrepreneurship**

**AN INTEGRATIVE APPROACH**

Focuses on and includes three factors: inputs, outputs, and entrepreneurial intensity. Built around the concepts of inputs to the entrepreneurial process and outcomes from the entrepreneurial process.Inputs include environmental opportunities, the individual entrepreneur, the business concept, the organizational context, and financial and nonfinancial resources. Outputs include ventures, value creation, new products and processes, new technologies, profit, jobs, and economic growth.

Entrepreneurial intensity is the number of entrepreneurial events and how entrepreneurial the events are.

**DYNAMIC STATES APPROACH**

Network of relationships (the dynamic state) convert opportunity tension into value, generating new resources that maintain the dynamic state.

1. **The Entrepreneurial Revolution: A Global Phenomenon**

According to GEM (Global Entrepreneurship Monitor) data:

* 110 million people between 18 and 64 years old were actively engaged in starting a business.
* 140 million were running new businesses they started less than 3½ years earlier.
* 250 million people were involved in early stage entrepreneurial activity.

**The Impact of Entrepreneurial Ventures in the United States**

* During the last ten years, over 600,000 new business incorporations per year
* One of every 150 adults participates in the founding of a new firm each year.
* One in 12 adults is involved in trying to launch a new firm.
* The annual birthrate of new firms is 14 to 16 per 100 existing establishments.
* During this “Great Recession” (as some have called our lengthy recessionary period), more Americans have become entrepreneurs than at any time in the past 20 years.
* The United States has a culture that supports risk taking and seeking opportunities.
* Americans are relatively alert to unexploited economic opportunity and have a relatively low fear of failure.
* The United States is a leader in entrepreneurship education at both undergraduate and graduate levels.
* The United States is home to a high percentage of individuals with professional, technological, or business degrees, a group that registers at the highest entrepreneurial activity rate.

**The Impact of Gazelles**

New and smaller firms create the most jobs in the U.S. economy.

Fastest growing firms are those with at least 20 percent sales growth every year (for five years), starting with a base of at least $100,000.

**GAZELLES AND INNOVATION**

New and smaller firms have been responsible for 55 percent of the innovations in 362 different industries and for 95 percent of all radical innovations.

Gazelles produce twice as many product innovations per employee as do larger firms.

New and smaller firms obtain more patents per sales dollar than do larger firms.

**GAZELLES AND GROWTH**

During the last 10 years business start-ups have approached nearly 600,000 per year.

**GAZELLES AND SURVIVAL**

About half of all start-ups last between five and seven years, depending on economic conditions.

**Legacy of Entrepreneurial Firms**

Fostering and promoting entrepreneurial activity has been, and will continue to be, an economic solution for recessions, downturns, and challenges.

While large existing companies have been transforming themselves, having learned to become more entrepreneurial, new entrepreneurial companies have been blossoming

Many entrepreneurial firms have been founded by women, minorities, and immigrants with footholds in every sector of the economy and in every part of the country.

Entrepreneurial firms make two indispensable contributions to the U.S. economy. First, they are an integral part of the renewal process that pervades and defines market economies. Second, entrepreneurial firms are the essential mechanism by which millions enter the economic and social mainstream of American society.

1. **Twenty-First-Century Trends in Entrepreneurship Research**

The major themes that characterize recent research about entrepreneurs and new-venture creation:

* Venture financing—venture capital, angel investors, and innovative financing techniques
* Corporate entrepreneurship—entrepreneurial actions within large organizations
* Social entrepreneurship
* Entrepreneurial cognition—the psychological aspects of the entrepreneurial process
* Unprecedented numbers of women and minority entrepreneurs
* The global entrepreneurial movement
* Family businesses
* Entrepreneurial education—the number of schools teaching a course in entrepreneurship has grown from two dozen 30 years ago to more than 3,000 at this time
1. **Key Concepts**

**Entrepreneurship**—a dynamic process of vision, change, and creation requiring an application of energy and passion toward the creation of and implementation of new ideas and creative solutions

**Entrepreneur**—an innovator or developer who recognizes and seizes opportunities; converts those opportunities into workable/marketable ideas; adds value through time, effort, money, or skills; and assumes the risks of the competitive marketplace to implement these ideas

**Entrepreneurial Management**—an entrepreneur can exist in an existing large institution or can be an individual starting his or her own new venture single-handedly

**SUGGESTED ANSWERS FOR DISCUSSION QUESTIONS (END-OF-CHAPTER)**

* + - 1. **Briefly describe the evolution of the term entrepreneurship.**

 The word “entrepreneur” is derived from the French entreprendre, meaning “to undertake.” No single definition of the word exists at present. The recognition of entrepreneurs dates back to eighteenth-century France when economist Richard Cantillon associated the “risk bearing” activity in the economy with the entrepreneur. In England during the same period, the Industrial Revolution was evolving, with the entrepreneur playing a visible role in risk taking and the transformation of resources. Until the 1950s, the majority of definitions and references to entrepreneurship had come from economists. In the twentieth century, the word became synonymous or at least closely linked with free enterprise and capitalism. In the twenty-first century, entrepreneurs are now considered the heroes of free enterprise.

* + - 1. **What are the ten myths associated with entrepreneurship? Debunk each.**

*Entrepreneurs are doers, not thinkers.*

They are often very methodical people who plan their moves carefully. Today the emphasis is on the creation of clear, complete business plans.

*Entrepreneurs are born, not made.*

The recognition of entrepreneurship as a discipline has helped to dispel this myth. Like all disciplines, entrepreneurship has models, processes, and case studies that allow the topic to be studied and the traits acquired.

*Entrepreneurs are always inventors.*

There are numerous entrepreneurs who encompass all sorts of profit-seeking activity. For example, Ray Kroc did not invent the fast-food franchise, but his innovative ideas made McDonald’s the largest fast-food enterprise in the world.

*Entrepreneurs are academic and social misfits.*

Today the entrepreneur is considered a hero—socially, economically, and academically. No longer a misfit, the entrepreneur is now viewed as a professional.

*Entrepreneurs must fit the “profile.”*

Many books and articles have presented checklists of characteristics of the successful entrepreneur. These lists were neither validated nor complete. Today we realize that a standard entrepreneurial profile is hard to compile. The environment, the venture itself, and the entrepreneur have interactive effects, which result in many different types of profiles.

*All entrepreneurs need is money.*

Having money is not a bulwark against failure. Failure due to a lack of proper financing is often an indicator of other problems.

*All entrepreneurs need is luck.*

“Luck happens when preparation meets opportunity” is an equally appropriate adage. Prepared entrepreneurs who seize the opportunity when it arises often appear to be lucky.

*Entrepreneurship is unstructured and chaotic.*

There is a tendency to think of entrepreneurs as gunslingers—as people who shoot from the hip and ask questions later. They are assumed to be disorganized and unstructured. The reality is that they are typically well-organized, in order to get done all the duties and responsibilities inherent in building and running a business.

*Most entrepreneurial initiatives fail.*

It is true that many entrepreneurs suffer a number of failures before they are successful. They follow the adage “If at first you don’t succeed, try, try again.” In fact, failure can teach many lessons to those willing to learn and often leads to future successes.

*Entrepreneurs are extreme risk takers.*

The concept of risk is a major element in the entrepreneurship process. However, public’s perception of the risk assumed by most entrepreneurs is distorted. While it may appear that an entrepreneur is gambling on a wild chance, the fact is that the entrepreneur is usually working on a moderate or “calculated” risk.

* + - 1. **What is the macro view of entrepreneurship?**

 The macro view of entrepreneurship presents a broad array of factors that relate to success or failure in contemporary entrepreneurial ventures. This array includes external processes that are sometimes beyond the individual’s control.

* + - 1. **What are the schools of thought that use the macro view of entrepreneurship?**

 The environment school of thought, the financial/capital school of thought, and the displacement school of thought.

* + - 1. **What is the micro view of entrepreneurship?**

 The micro view of entrepreneurship examines the factors that are specific to entrepreneurship and part of the “internal” locus of control.

* + - 1. **What are the schools of thought that use the micro view of entrepreneurship?**

 The entrepreneurial trait school of thought, the venture opportunity school of thought, and the strategic formulation school of thought.

* + - 1. **What are the three specific types of displacement?**

 Political displacement, cultural displacement, and economic displacement.

* + - 1. **In the strategy formulation school of thought, what are the four types of strategies involved with unique elements? Give an example of each.**

*Unique markets*—example: College campus businesses would tend to market products that college people want and need.

*Unique people*—example: If you were going to open a car repair shop, you need to know how to repair cars.

*Unique products*—example: Coke differs from Pepsi.

*Unique resources*—example: Middle-easterners have the ability to produce more oil products.

* + - 1. **What is the process approach to entrepreneurship? In your answer, describe the dynamic states approach?**

 The process approach to entrepreneurship is a way to examine the activities involved in entrepreneurship by using either a “dynamics states” approach or a “multidimensional approach.” Both of these methods attempt to describe the entrepreneurial process as a consolidation of diverse factors.

 The dynamic states approach focuses on the dependences of ventures on their environment for survival. The model incorporates an array of individual, organizational, and environmental elements and suggests that smaller and newer firms have more flexibility in making ongoing changes to satisfy current and anticipated demands of their market.

* + - 1. **Describe the predominance of new ventures in the economy.**

 During the past ten years nearly 600,000 new businesses were incorporated per year. Newer entrepreneurial companies—some of which did not exist 20 years ago—have collectively created millions of new jobs during the past decade. Among many notable examples, consider Facebook, Twitter, Google, BlackBerry, and YouTube. Of approximately 27 million businesses in the United States (based on IRS tax returns), only 17,000 qualify as “large” businesses. In 2015, demographers estimate that 35 million firms will exist in the United States, up significantly from the 27.5 million firms that existed in 2010.

* + - 1. **How have most net new jobs been created in the economy?**

 Small entrepreneurial firms have created the most net new jobs in the U.S. economy. In addition, the smallest of our enterprises have created a steady supply of net new jobs over the business cycle. Ninety-nine percent of U.S. businesses can be considered small. The smallest of our enterprises have created a steady supply of net new jobs. They accounted for 49.6 percent of U.S. private-sector jobs. It is important to realize that, historically, employment growth in the United States is correlated directly with new-business growth. This fact has been traced back to 1960, demonstrating that new-business formations are the critical foundations for any net increase in U.S. employment. Thus, our employment growth and industry expansions are closely tied to new-venture development.

**12. Define a *gazelle* and discuss its importance.**

 A gazelle is a fast growing firm with at least 20 percent sales growth every year for 5 years, starting with a base of $100,000. In contrast to the continual downsizing of major corporations, gazelles provided 5 million new jobs and brought the net employment growth to 42 million jobs.

**TEACHING NOTE FOR END-OF-CHAPTER EXERCISE**

**EXPERIENTIAL EXERCISE: UNDERSTANDING YOUR BELIEFS ABOUT SUCCESSFUL ENTREPRENEURS**

In this exercise, students are given a list of 10 statements and asked to respond from 1 to 10 on how much they agree with it. They then put their scores in a table, using a scoring system in which some answers are placed directly into the given space while others are subtracted from 11 and put into the given space. The scores in the spaces are then added up and compared to a scoring key. The exercise measures how much the student believes the myths of entrepreneurship. The higher the score, the more the student understands the facts about entrepreneurs. The lower the score, the more the student needs to review material from the chapter.

**TEACHING NOTE FOR END-OF-CHAPTER CASE**

**CASE 1.1: GAZELLE . . . OR TURTLE?**

* + 1. **Is Summit Software a gazelle? Support your answer.**

Yes, Summit Software would be considered a gazelle, since the definition is a business establishment with at least 20 percent sales growth every year over a 5 year period starting with a base of $100,000.

* + 1. **What problems may Jim face owning such a fast-growing business?**

Survival may be Jim’s biggest challenge. Firms can grow too fast and fail from not being able to cope with the growth. Jim is struggling with how to handle the administrative duties simultaneously with generating new accounts. He may need to hire more employees to meet these challenges.

* + 1. **Are gazelles more important to the economy than traditional growth businesses? Why or why not?**

The “gazelle factor” may be the most important finding in economic growth. Consider that, despite the continual downsizing in major corporations over the last decade, gazelles produced 5 million jobs and brought net employment growth to 4.2 million jobs. More recently, gazelles (which currently number about 358,000, or 4 percent of all ongoing companies) generated practically as many jobs (10.7 million) as the entire U.S. economy (11.1 million) during the same period. Their extraordinary performance and contribution warrants their recognition. Research shows that they have been leaders in innovation, growth, and survival.

**SMALL BUSINESS AND ENTREPRNEURIAL RESOURCE CENTER**

**Sources:**

**Question 1:**[The kindest cut: Sure, Oprah cut the feet off her pantyhose, but she's not the one making money off 'Em](http://find.galegroup.com/sbrc/infomark.do?action=interpret&docType=IAC&source=gale&prodId=SBRC&userGroupName=sberc&tabID=T022&searchType=BasicSearchForm&docId=A83663706&type=retrieve&contentSet=IAC-Documents&version=1.0) (Smart Ideas).(Brief Article). P. Kelly Smith. Entrepreneur 29.11 (Nov 2001): p134(1).

Source Citation: Smith, P. Kelly. "The kindest cut: Sure, Oprah cut the feet off her pantyhose, but she's not the one making money off 'Em. (Smart Ideas).(Brief Article)."  *Entrepreneur*29. 11 (Nov 2001): 134(1). *Small Business Resource Center*. Gale. Higher Education. 5 Nov. 2012

1. Entrepreneurial opportunities exist for those who can produce enough products or services desired by customers to make the enterprise economically attractive. Describe how Sara Blakely discovered “the need” for footless pantyhose, and how the product was initially perceived by manufacturers and retailers.

A. Sara Blakely discovered the need for footless pantyhose when she confronted her discomfort in wearing form-fitting pants because every little bodily imperfection showed. Instead of shelving the slacks in frustration, though, she found an innovative solution for her problem, cutting the toes off a pair of control top pantyhose.

 Blakely had a hard time convincing hosiery manufacturers, who were mostly men, that the footless design would interest the hosiery-buying public. But when Oprah Winfrey revealed that she, too, cut off the feet of her pantyhose, manufacturers began to list, and Blakely exceeded her goal of selling 200,000 pairs of Spanx in the first year of business.