

Chapter 13

Entrepreneurial management

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Learning outcomes

- Identify the various functions that could exist within a venture and briefly discuss each of these
- Describe the concept of entrepreneurial leadership in a business
- Explain the importance of teams in a business
- Compare the basic types of teams found in a business
- Discuss the entrepreneurial management process
- Explain the various managerial tasks and processes and their importance to the entrepreneur

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Introduction

- Any venture/business has to perform certain activities and functions to achieve its objectives
- Various management functions are performed by the owner and the managers of the venture
- Linkages exist between management and entrepreneurial leadership
- Many businesses make use of teams in the workplace
- The entrepreneur develops and performs also certain some managerial tasks

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Business functions

Level 1 Functional areas identified in a business organisation:

- Purchasing: acquisition and provision of resources
- Manufacturing: creation and provision of products
- Marketing: marketing products to earn revenue
- Finance: forecasting and financial planning

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Business functions (cont.)

Level 2 Other functional areas classified as generic management functions:

- Human resources: procurement and manage staff
- Administrative: activities concerned with info
- Public-relations: create goodwill and positive image

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Entrepreneurial leadership and teams in the workplace

Entrepreneurial leadership: the way that you operate as a chief executive of your business; involves 3 aspects (over and above tasks and person):

- Innovation
- Operation
- Inspiration

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Management team definition

- Individuals with supervisory responsibilities and nonsupervisory staff who play key roles in a business make up the management team

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Entrepreneurial team definition

Two or more individuals who combine their efforts to function in the capacity of entrepreneurs. In this way, the talents, skills and resources of two or more entrepreneurs can be concentrated on one endeavour.

The entrepreneurial team consists of:

- Co-founders
- Management team
- Employees
- Consultants

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Teams in the workplace

Figure 13.2 An entrepreneurial team as a critical Ingredient for success

<p>An entrepreneurial leader</p> <ul style="list-style-type: none"> ▶ Learns and teaches – faster, better ▶ Deals with adversity and is resilient ▶ Exhibits integrity, dependability, and honesty ▶ Builds entrepreneurial culture and organisation 	<p>Team</p>
<p>Quality of the team</p> <ul style="list-style-type: none"> ▶ Relevant experience and track record ▶ Motivation to excel ▶ Commitment, determination, and persistence ▶ Tolerance of risk, ambiguity, and uncertainty ▶ Creative ▶ Team locus of control ▶ Adaptable ▶ Opportunity obsessed ▶ Leadership and courage ▶ Communication 	<p>Passion</p>

Source: Timmons and Spinelli (2009:113).

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Teams in the workplace (cont.)

An entrepreneurial team as critical ingredient for success:

- An entrepreneurial leader (team)
- Quality of the team (passion)

Aspects of a team:

- Team performance
- Team types

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Team performance

Steps to ensure quality decision-making:

- Define the problem
- Decide on the process to use
- Gather information
- Make the decision
- Develop an action plan
- Audit and evaluate the decision and process
- Record and share learning

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Types of teams

- Problem-solving team
- Self-managing work teams
- Cross-functional teams

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Entrepreneurial management

Managerial tasks / functions are divided into 3 phases:

- Formulation of plans
- Implementation of plans
- Evaluation of plans

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Phase 1: Formulation of plans

Planning

Activities in the planning process:

- Identify and formulate objectives
- Gather information
- Analyse the information
- Develop alternatives and draw up the plan
- Implement the plan

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Types of plans

1. Long-, medium-, and short-term plans
2. Master plan and divisional plans
3. Single-use plans or standing plans

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Decision making

Steps in the decision-making process:

- Identify and formulate the problem
- Collect relevant information
- Develop possible alternatives
- Evaluate alternatives
- Select the most appropriate alternative
- Ensure that decision is implemented
- Follow up and evaluate

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Phase 2: Implementation of plans

Entrepreneurs should answer the following:

- Who will do the work?
- How will it be done?
- What resources will be used?
- When and where will the operations take place?

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Resources

Four categories of resources:

- Operating resources
- Human resources
- Financial resources
- Technology resources

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Leadership

Importance of leadership for the entrepreneur:

- Facilitates the execution of business activities
- Ensure that the execution of work take place effectively and efficiently
- Has an influence on the relationship between entrepreneur and his/her staff

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Motivating methods (as part of leadership)

Maslow's (1943) rank-order priority needs:

- Physiological needs
- Safety needs
- Social needs
- Esteem needs
- Self-actualisation needs

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Managing individual motivation

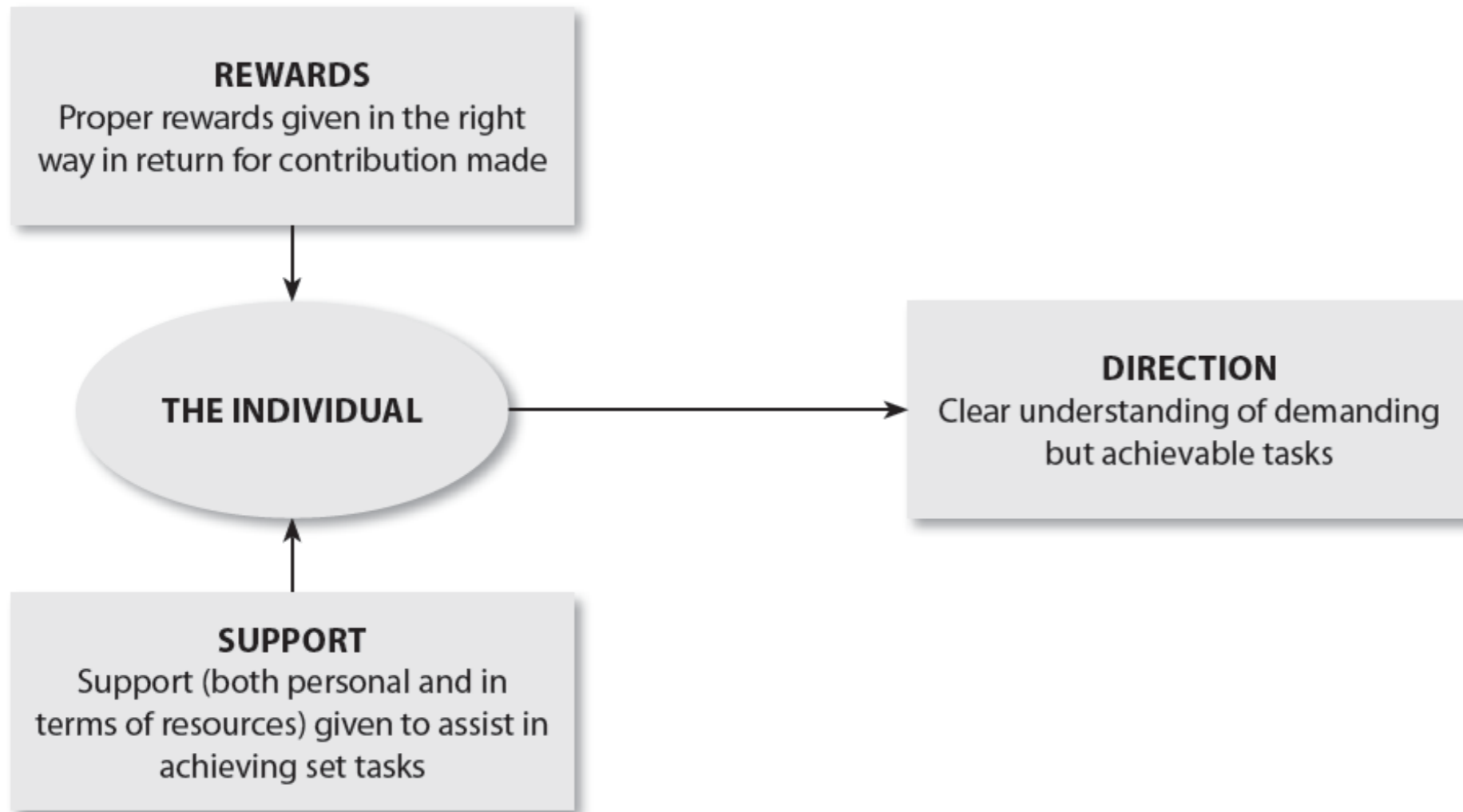
Five key elements include:

- Understand personal drives
- Set goals
- Offer support
- Use rewards
- Positive approach to sanctioning

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Framework for individual motivation



Source: Wickham (2001)

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Phase 3: Evaluation of plans

Control: function of management that regulates the execution of plans and ensures that this is done according to prescribed plans and standards, so that the formulated objectives are achieved

Three stages of control:

- Pre-control
- Concurrent control
- Post-control

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The control process

Four steps in the control process:

- Design and introduction of control system
- Observation and measurement of actual performance and reporting
- Evaluation of performance
- Corrective action