

Does the World Need more Entrepreneurs?

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To answer the question whether the world needs more entrepreneurs, we should consider first what an entrepreneur is, and what being a successful entrepreneur requires. Individuals who choose to be entrepreneurs, like all businesspeople, are interested in achieving financial success, but entrepreneurs typically possess other characteristics that at times even seem to counter the interest in financial gain, at least for the short term. Examining characteristics commonly found amongst entrepreneurs can help determine whether the world needs more of them.

Entrepreneurs, however, are typically driven by motivations that exceed their interests in financial gain. Independence, for example, is often a strong incentive for individuals who wish to strike out on their own to create their own company, rather than depending upon the more secure route of working for an established company in a salaried position.

In fact, the risks entailed in creating a new start-up are a key element of the entrepreneurial profile as well. Entrepreneurs need a higher level of risk tolerance than those in employment. In the financial year ending 2021, 810,316 new businesses were launched in the U.K., an increase of 21.8% compared to 2019. This is the highest number of launches on record. The appetite to strike out on one's own is higher than ever. And yet, each year, roughly 20% of U.S. business fail, and nearly 40% of new U.K. businesses fail within the first five years. Choosing an entrepreneurial route is therefore not for the faint of heart. The large majority of successful entrepreneurs have failed at least once before achieving success, and most have failed more than once. So why do so many individuals attempt to create their own businesses, despite these statistics? If financial gain were the primary consideration, the rational decision would appear to be to aim for a high-paying position in an already-successful company. But another of the characteristics common to entrepreneurs that drives them to explore possibilities beyond what already exists is curiosity. Entrepreneurs tend to question existing products and ways of doing things. They typically have searching minds that look for new opportunities and new solutions and are curious about the interconnections between areas that might not appear to have any relationship to each other at first glance. Entrepreneurs must be adaptable to survive, but they also need persistence and a willingness to persevere with new or innovative ideas in the face of resistance to change. They need to carry out thorough research to determine if there really is a need or desire for their product and be willing to pivot or go back to step one if they discover that their first effort was a misstep. In other words, entrepreneurs must have a growth mindset if they hope to overcome the inevitable challenges and defeats that come with producing any original idea.

There is an additional characteristic that is critical to the success of any entrepreneur: team-building. Many individuals create startups with a great product and a vision, but they fail to create a team that can work effectively together to make it a success. To be successful, entrepreneurs have to be cautious about creating a team based on friendships. Sometimes this can work brilliantly, but the fact that someone is a great friend does not necessarily make them a great business partner. Also, when creating a startup, the wise entrepreneur recognizes that you are best off with a team that has diverse and complementary skills in order to create a successful whole.

In addition to these essential character traits, entrepreneurs must recognize what it takes for a business to succeed. Before attempting to launch any business, a successful entrepreneur will consider:

Organizational structure

People and dynamics

Environment and Competitive advantage

An entrepreneur may have a growth mindset, curiosity, perseverance, adaptability, and a talent for building teams, but without creating a robust organizational structure and an awareness of environment and competitive advantage, even the most innovative entrepreneurial initiative is likely to fail.

New businesses are inherently in a precarious position, even in times of economic stability (if anyone remembers such a thing). The factors they need to take into account in times of economic difficulty therefore almost always apply. That said, there are a few key factors for entrepreneurs to keep in mind:

1. Have a clear idea of your Unique Selling Points (USPs). In times of economic stability there may be many customers available for similar versions of the same product. When belts start to tighten, however, consumers become more discerning. Do your research and make sure that your product is fulfilling a unique need or desire in the market.
2. Think carefully about your marketing strategies and consider avenues that are low-cost or free as well as traditional marketing approaches.
3. Have a Plan B. and a Plan C. You don't need to assume the worst, but you should imagine it, and plan accordingly.
4. If you aren't already, become an avid reader of world events. Winston Churchill once famously said: "Politics is the ability to foretell what is going to happen tomorrow, next week, next month and next year. And to have the ability afterwards to explain why it didn't happen." Having a clear vision of what is happening around the globe will put any entrepreneur in a much stronger position to anticipate economic shifts and policy changes that can, and will, affect businesses. Those paying close attention to the Russian troops amassing on the Ukrainian border a few months ago, for example, could have predicted that the West might be facing an imminent spike in oil and gas prices, which affects prices of almost every deliverable good. Knowing what's happening in the world helps entrepreneurs to more effectively create a Plan B, and C.

In such a volatile economy, which is being buffeted from all directions by both political and environmental events, companies can honestly say they don't know what will happen, but they cannot say that they don't have a plan. The key to the plan is that it be flexible, adaptable, and agile – characteristics that all come more readily to entrepreneurs than to large, established companies. So, returning to the question of whether the world needs more entrepreneurs, we can ask: Do we need more individuals who challenge the status quo with businesses based on curiosity, innovation, calculated risk, diversity, team-building, perseverance, adaptability, growth mindset, and political and environmental awareness? Perhaps the better question is, what would the world do without them?