

Introduction to Entrepreneurship and Innovation: Part 1

Part 1



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Institute for the Professional Development of Adult Educators

PART 1:

Introduction to Entrepreneurship and Innovation

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Preparing Our Students to Succeed

What are industries demanding, and how do we prepare our students for the labor force?

Implementing business education in your adult classroom will enable your students to benefit not only from learning critical entrepreneurial skills, but also from innovating and collaborating with other students while taking advantage of interdisciplinary learning to increase their adult general education skills.

The economy is rapidly changing from the late model of the 20th century to an entirely new 21st century model. Some business experts like Daniel H. Pink have called this new motivation system model 3.0 and the 20th century model 2.0 (Models are defined in Daniel H. Pink's Drive). This radical shift in how we purchase goods and services and how companies choose to grow and manage their organization has created the demand for an entirely new set of skills. In his hallmark analysis of education in America, *The Global Achievement Gap*, Tony Wagner calls these skills "survival skills." These skills are the bedrock of entrepreneurship. They are the necessary skills which help frame a mindset and they are the skills that many employers are demanding for all industries and professions. As the world becomes increasingly connected and industries become ever more competitive, companies are investing in future talent which can help disrupt their industries with remarkable, creative new ideas for services and products, while changing the organizational structure and growth of the work environment to promote creativity and drive.

With the birth and expansion of the internet, the need to memorize data has become increasingly less relevant. In the 20th century, memorizing was a critical skill. Without smartphones and instantaneous access to the internet, the ability to recall complex information was key in succeeding in any industry. However, this has changed drastically since the turn of the century. The introduction of tablets, smartphones, and mobile computers have provided us with almost instant access to the global collective memory. This dramatic shift proposes the question: What does this mean for businesses, and what does this mean for our students?

It essentially means that the need for memorizing and recalling information has been replaced with the need to analyze and decipher it. In other words, the skills needed to succeed have changed. Accessing and deciphering the wealth of information available to us is much more important than trying to memorize it all, but it's not all about data. Today's technology allows us to communicate much more easily than ever before. Within seconds, a student in South Florida can Facetime a friend living in Delhi or a relative in Moscow. The ability to instantly communicate with others has brought on the need for our students to effectively use these tools to collaborate. Never has written and oral communication been so important. We send dozens of e-mails and phone calls every day and the ability to collaborate hinges on our facility with communicating complex ideas and solutions.

One might ask, "What do these skills mean for new and existing businesses?" With the changing business model, it means that new business owners must leverage these skills to gain competitive entry into established markets, while existing business leaders must pivot to the new model in order to stay relevant. To do this, all business leaders, whether

they are starting their own plumbing company or leading a Silicon Valley Fortune 500 company, must implement new marketing and organizational development models. This means engaging customers in new and innovative ways using social media, applications, and interactive advertisement, while building a workplace culture that promotes creativity, innovation, and adaptability, motivating employees to work their best. This may at first seem overwhelming, but many of the world's most innovative and successful companies such as Google, Microsoft, Starbucks, and Uber have been using these strategies for some time now. Teaching students to become successful entrepreneurs means equipping them with these skills so they can take on existing markets and challenge the industry giants with their new ideas.

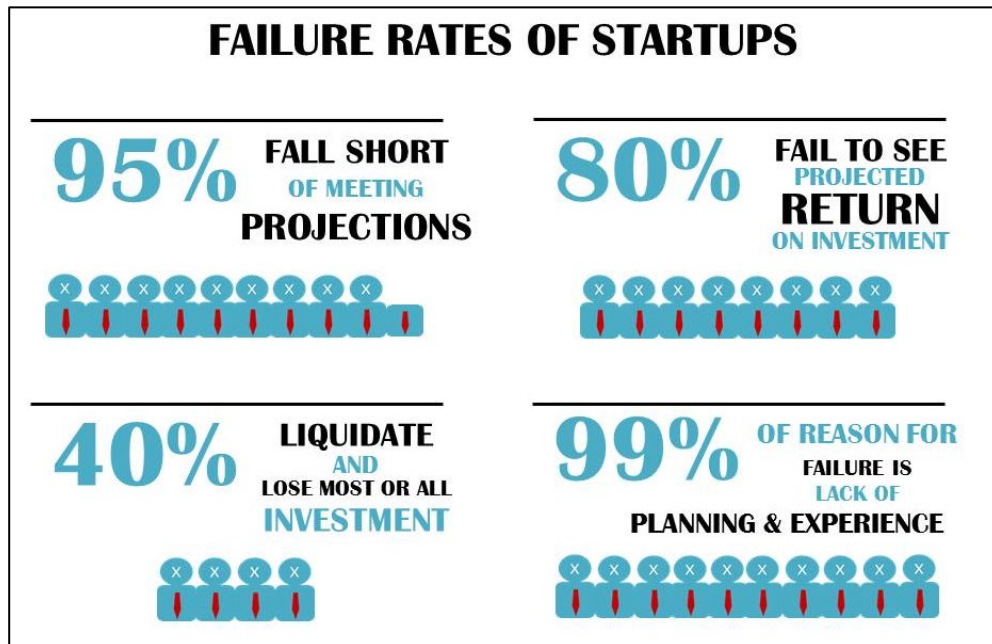
Introduction to Entrepreneurship

What is Entrepreneurship, and why is it important?

Entrepreneurship is best defined as a continuous quest for real-world problem-solving. While it is summarized as a mindset, it encompasses a wide set of skills which can be learned. Entrepreneurship, contrary to popular belief, is not limited to business owners and managers. In today's evolving economy, more businesses are listing entrepreneurial skills under requirements for both corporate and trade jobs. What is the reason? Leaders, administrators, and managers have begun to see the increasing value in these sets of skills. These skills do not only apply to self-starters or corporate managers, they benefit all employees from all industries and in all capacities. The reason is the mindset or framework in which entrepreneurs view and solve problems. Entrepreneurs leverage their experience and key skills to tackle problems from entirely different angles. This ability to use conventional knowledge and apply creativity has helped to birth some of the most innovative products and services today.

I will refer to two cases of extremely successful, innovative companies. In both cases, the services created revolutionized the entire industry and within a short time span; both companies are among the most valuable in their respective industries. The companies I am referring to are Uber and Airbnb. These startups revolutionized the taxi and hotel industries by implementing radically different business models which leveraged platform economics to take advantage of the market. Within a few years, Airbnb was the largest hospitality/ stay provider in the world despite owning no hotels and Uber provided more rides than any taxi or shuttle service globally, despite not owning any actual vehicles. The reason that these companies were able to become so wildly and spectacularly successful is because the founders created a culture for the organization that

promoted entrepreneurship and innovation. For our students to succeed in today's economy, we must teach them how to think like entrepreneurs, and we can do this by teaching them the essential skills that will make them the leaders of tomorrow. Let us take a look at these important statistics:



**Before our students accept the challenge of beginning their own business, it is important that they are familiar with the risks that come with that venture. Additionally, it is imperative that we teach them the necessary skills to properly decrease the number of new business that fail to succeed. It's reported that 99% of the reason for new business failure is a lack of experience and planning. Planning is a result of applying the basic entrepreneurial skills outlined below.*

Defining Entrepreneurial Skills

Entrepreneurial skills are a set of soft skills which form the bedrock for leadership potential, innovation, and business development. Entrepreneurs are not only business leaders and self-starters, they are inventors, collaborators, and organizers and are comfortable both leading and following. The entrepreneurial mindset views obstacles as challenges and challenges as opportunities to experiment and innovate. The most in-demand entrepreneurial skills are critical thinking, problem solving, communication & collaboration, adaptability, oral & written communication, information analysis, and creativity. These skills are critical for new business owners to succeed in today's competitive climate. To prepare our students to succeed in our fluid economy, we must ensure that they are equipped with the skillset to meet challenges, innovate, and build a workplace climate and culture which promote efficacy, creativity, and innovation.

Here is a list of the most in-demand skills (Wagner, 2009):

1. Critical Thinking & Problem Solving
2. Communication & Collaboration
3. Adaptability & Creativity
4. Oral and Written Communication
5. Analyzing Information
6. Business Development
7. Marketing
8. Organizational Development

These skills tie in closely with what the millennial generation has to say about work and education.

Let us take a look at these statistics from a survey gathered by the Presto Marketing Group:

Millennial Entrepreneurs

Age 18-35, starting the businesses of the future!



ITEM NO. 001

- » 70.9% of teens say they are interested in becoming entrepreneurs
- » 54% of the Millennials plan to start their own business this year



ITEM NO. 002

- » Entrepreneurs create 75% of all new jobs in our economy every year



ITEM NO. 003

Statistics of Entrepreneurs Starting Their Own Businesses

More Free Time	20%
>5 Yrs Experience	25%
6-10 Yrs of Experience	28%
Age 18-35	67%

ITEM NO. 004

- » Total Debt of College Students = 1 Trillion Dollars
- » 88% of college students say entrepreneurship education is vital
- » 74% of college students have no access to entrepreneurship resources on campus

ITEM NO. 005

- » Less than 1% of entrepreneurs come from extremely rich or extremely poor families

ITEM NO. 006

- » 23% of Millennial Entrepreneurs people started a business as a result of unemployment



An astounding 88% of college students report entrepreneurship as a critical skill. Analysis of new jobs indicates that as much as 75% of new jobs are created each year by entrepreneurs, and 54% of millennials report planning on starting their own business within the year. If the data is indicative of anything, it is that entrepreneurship is not only growing, but has a critical place amongst millennials, many of whom are entering the workforce both in entry-level and leadership roles (Patel, 2020).

Introduction to Innovation

What is Innovation and why is it so important?

Innovation is entrepreneurship in action. It means creating meaningful points of difference for products and services vs. current alternatives. This can often lead to disrupting an industry or creating an entirely new space to market within. Innovation is created through fulfilling unmet consumer needs, by offering new ways to accomplish goals, or make lives or jobs easier, better, happier, more exciting, satisfying or more productive (Greenwald, 2014).

To help define Innovation, I'm going to refer to the cases mentioned earlier, Airbnb and Uber.

These two companies have one thing in common; they innovated by taking advantage of platform economics (McAfee & Brynjolfsson). Both companies leveraged software to overcome the need to maintain a costly list of assets. By doing this, they were able to compete with companies globally and pose a significant threat to the industries they challenged. Platforms increasingly define how 21st century companies can leverage the internet to increase the scope, quality, and access of and to their products and services. Traditional platforms began as a place to exchange the new currency of the internet, data. Platforms allow you to stream music (Spotify) or movies (Netflix), buy e-books (Amazon), and communicate with friends and family around the globe (Instagram & Facebook). Airbnb and Uber took the idea of a traditional social media platform like Facebook and applied it to new industries. Never again have the hospitality or transportation industry been the same. By utilizing a platform that connects users, these companies have turned their users into both asset and customer. This is an example of one of the innovative disruptions of the 21st century. Within a few years, Uber became the world's most successful and largest taxi company despite owning virtually no vehicles, and Airbnb was able to

expand their operations throughout the globe without purchasing any hotels. These companies translated entrepreneurial skills (Creativity, Critical Thinking, Problem Solving, Communication, Business Development, Marketing) effectively into action. They were able to meet consumer needs in a more meaningful way by making the process easier, more accessible, and less expensive. Airbnb and Uber are corporate examples of innovation in action, the epitome of a revolution in how we hail rides and reserve weekend stays, however, innovation can also start small. While ambition is necessary to grow a company, there are other examples of business startups leveraging entrepreneurial skills to innovate at a local level.

Some may not recall, but Starbucks began as a local coffee shop in Seattle, Washington in 1971. It would be over 10 years before Starbucks began its aggressive expansion. So, what did Starbucks do in those ten years to differentiate itself from the competition and create a meaningful point of difference for its product? Starbucks emulated the culture and style of Italian espresso bars in Milan, Italy, something no other coffee shop in the area had previously done. By doing this, they created a unique coffeehouse atmosphere. Additionally, they purchased high quality coffee beans and Italian espresso machines. They were able to challenge the coffee market by bringing in new ideas and differentiate themselves from the competition by offering an entirely new atmosphere for coffee drinkers, previously not known on this side of the globe.

(Communication, Data Analysis, and Creativity). The company did not stop there, however. Over the next 40 years, the company would continue to innovate and improve on its product. This commitment to adaptability and improvement are at the bedrock of the culture at Starbucks and one of the major reasons it has remained so successful. Regardless of whether our students are starting their own restaurant, social media platform, or plumbing company, the need to innovate and the need to use entrepreneurial skills will be the bedrock for future successes.

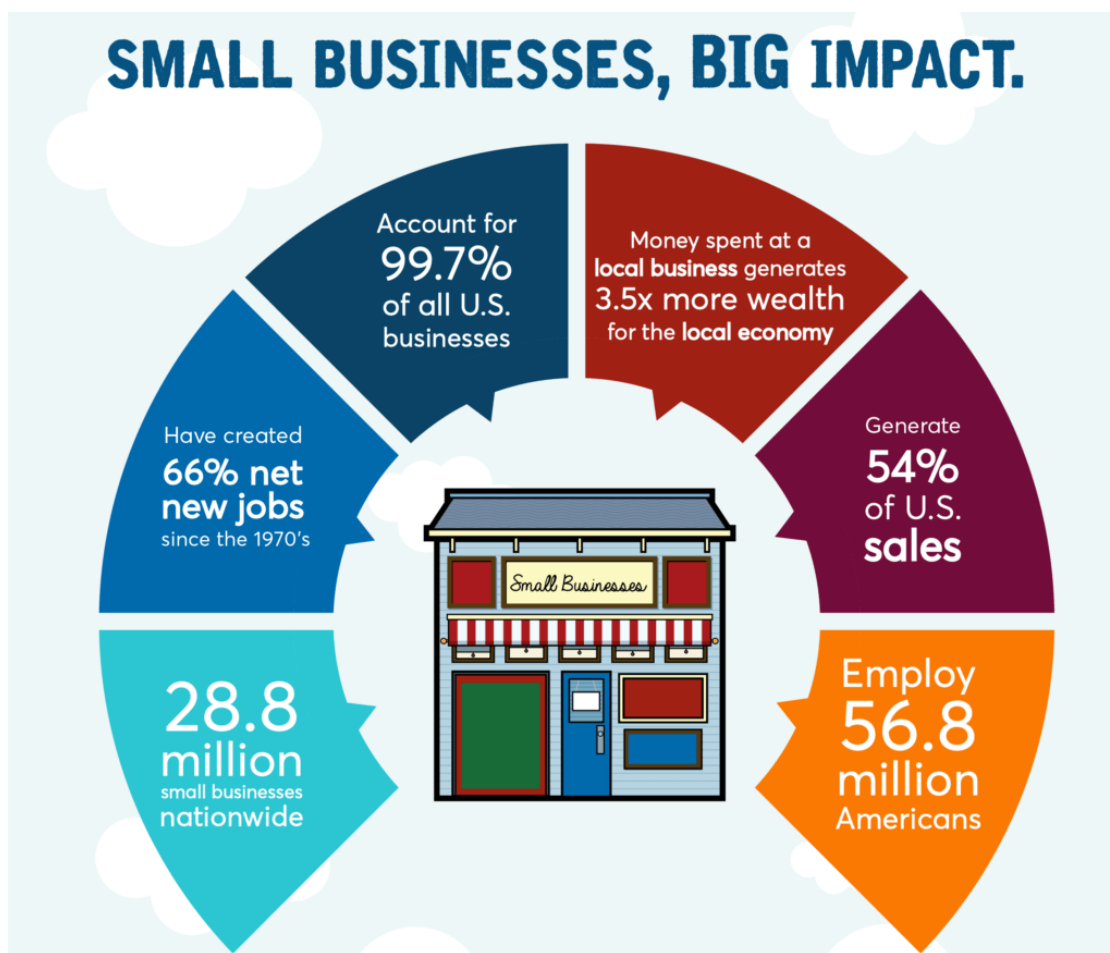
Human Capital Development: *Community Impact*

Why we do what we do, and how it affects our community and economy.

While regularly defined by companies as their employees' skill sets and abilities, human capital extends far beyond that. In education, we are responsible for the human capital development of the country's inhabitants. Through primary, secondary, vocational, and higher education programs, we teach our students the skills they need to become happy, productive, tax-paying citizens. This is a form of investment using tax-funding. At a macro scale, though it may not come as a common thought in our classroom, educators play a critical role in the development and growth of the economy of our country. If we do not prepare our students adequately to meet the demands of the global economy, our own country may suffer from a lack of worker productivity or worse, lack of innovation.

We may ask ourselves, "How does this apply to our local community, and how does this affect my students at a microeconomic level?" Here is the simplified answer: to produce jobs in our community, we need businesses. Businesses can either be started by local community members or opened by franchises and national or global corporations. When our students graduate with the skillset to open businesses in their communities, they have the potential to make a significant investment in the future of the community and its citizens. A small ice cream shop could employ five or six employees, who pay taxes to support essential government services and education, pay rent, and use the money to purchase more goods and services. When we

think of major impacts on the economy of our large nation, we often overlook the impact of local businesses.



Natter writes in Chron, "When consumers patronize local small businesses, they are essentially giving money back to their local community. A thriving local business will generate high levels of revenue, which means that the business will pay higher taxes, including local property taxes. This money is then used for local police and fire departments as well as schools. A thriving small business also can improve property values throughout a community, improving every homeowner's bottom line while generating more property taxes for local governments. The small business impact on local economy growth also takes the form of sales tax collection. Local

businesses charge sales tax based on their location and can be the backbone of special taxation districts focused on unique projects, such as lighting and sidewalk projects to improve historic shopping districts and attract additional customers.” (Natter, 2018)

Herein lies the critical importance of encouraging entrepreneurship. Equipping students with the skillsets to lead and launch businesses is at the heart of growing our local economies. As we have explored, entrepreneurship and innovation are skillsets which are beneficial to students who want to take on leadership roles or improve the processes, products, and services at existing companies. The need for investment in these skills has never been greater. As the economy continues to embrace platforms and data, it will become increasingly critical for our students to leverage these skills to succeed. The need for these skills does not end with students who want to start their own businesses or take the path to traditional higher education. Recently, the increased demand for career and technical or vocational education has increased. This shift away from traditional higher education emphasizes the need for these critical skills on an alternative career path.

“To be effective in preparing students for a changing society and workplace, vocational education must extend beyond the delivery of occupational knowledge, job skills, and work experience. It must offer students an incentive for thinking creatively about an industry and broaden their understanding of the career opportunities afforded in that industry.” (Lankard, 91)

For many years, entrepreneurial skills have been the bedrock for career readiness in vocational education. Integrating these essential skills into Adult General Education is critical to adequately

prepare students to enter both Career and Technical Education (CTE) and Higher Education programs.

This need has been well recognized for over 25 years. In 1989, CTE Advocate and researcher M.C. Ashmore wrote on the need for entrepreneurial skills in the Vocational Education Journal, "Entrepreneurship education offers students such opportunity by helping them anticipate and respond to change. Students learn that (1) although a job may be successfully accomplished today by performing a given set of tasks, tomorrow an entirely different set of tasks (and skills) may be required; and (2) because businesses are always changing, workers need to find new ways to do given jobs or new ways to do a given job better." (Ashmore 1989)

Although the specific skills have shifted and the use of new technology and data are at the core of the new entrepreneurial skillset, the need for basic entrepreneurial skills such as adaptability, critical thinking, communication, and problem solving has increased in demand as the economy has shifted towards the 3.0 Business and Motivation Models on the 21st Century. Now more than ever, the need to integrate these entrepreneurial skills into Adult and Career & Technical Education will be critical for the human capital development of the future labor force.

The Role of Entrepreneurship in the Classroom

As a teacher, how do I implement all of this into my classroom activities?

Implementing business education in your adult classroom will enable your students to benefit not only from learning critical entrepreneurial skills, but also from innovating and collaborating with other students while taking advantage of interdisciplinary learning to increase their adult general education skills. Implementing activities such as the creation of a mock company or launching a social media campaign for a fictional company are excellent ways to engage your students in creative and collaborative ways. The second part of this webinar is an application guide with templates for different classroom activities which enable students to actively practice these skills in a real-world business setting.

Here are some ideas for classroom collaborative activities which will not only allow students to explore using their entrepreneurial skills, but also hone their reading, writing, and math skills:

1. Writing a Business Plan

- a. Goal: Have students collaborate to create a company to compete with a Fortune 500 company.
- b. Skills Used: Critical Thinking, Research, Data Analysis, Language, Oral, and Written Communication.

- c. Assessment: Consider a Shark Tank Assessment as an enjoyable way to include students and teachers from other classrooms. The panel of investors can be represented by any combination of students and teachers.

2. Creating a Digital Marketing Strategy Using Social Media

- a. Goal: Create a Social Media Marketing Campaign for a fictitious company with a target demographic in mind.
- b. Skills Used: Digital Literacy, Marketing, Problem Solving, Written Communication, Communication, and Creativity.
- c. Assessment: Through the use of a private Instagram Account, have other students follow the fictitious company's Instagram; use the number of "likes" to gauge the success of the social media campaign.

3. Create an Organizational Development Plan as a Chart

- a. Goal: Create a chart indicating how new classroom policies could be used to motivate students. Have students research effective models for creating positive workplace environments. Utilize in classroom surveys as artificial market research.
- b. Skills Used: Critical Thinking, Problem Solving, Organizational Development, Written and Oral Communication, and Analyzing Information.

- c. Assessment: Try out different organizational models on different groups and measure their level of productivity at the end of collaborative sessions. This not only in itself motivates students; it is an enjoyable way for them to apply critical research in the organizational development field. It is also a great way for teachers to engage their students using different classroom management models and behavior management models.

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