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What is entrepreneurship?



What does “entrepreneurship” make you think of?
Innovation? Business savvy? Perseverance?

Here, we'll help you learn more about what entrepreneurship is, the different forms it can take, and the various challenges that many entrepreneurs face.



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To develop a more comprehensive understanding of what it takes to become an entrepreneur, consider enrolling in Stanford's [Entrepreneurial Leadership Program](#).

What is entrepreneurship?

At its most basic level, entrepreneurship refers to an individual or a small group of partners who strike out on an original path to create a new business. An aspiring entrepreneur actively seeks a particular business venture and it is the entrepreneur who assumes the greatest amount of risk associated with the project. As such, this person also stands to benefit most if the project is a success.

Entrepreneurial pursuits often involve innovation. [Large enterprises](#) may seek to emulate this element by cultivating what's known as "intrapreneurship." Employees are encouraged to think like entrepreneurs, cultivating an original perspective that may result in a new idea for the company. These workers may be given extra latitude, but the enterprise still holds authority over the project and absorbs any risk associated with it. Entrepreneurs benefit every sector, from large corporations to small businesses.

What industries do small business entrepreneurs work in?

A recent [small business owner survey](#) from Guidant Financial found that the top three industries for small business startups are:

- Food and restaurant operations
- Retail
- Business services

Other leading industries included health and fitness, finance, insurance, and law. No matter what type of venture a small business entrepreneur is involved in, it's vital that they prioritize innovation and perseverance.

Characteristics of an entrepreneur

The entrepreneurial mindset combines several different skills that require careful development for the successful achievement of a business idea. For example, an entrepreneur must be able to balance an understanding of how business works — including from a financial and operational perspective — with a drive for innovation. Entrepreneurship means understanding when you have an opening in the marketplace that no other provider is meeting and having the confidence to go after this new opportunity at the right time.



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to go after

A successful entrepreneur will possess many abilities and characteristics, including the ability to be:

- Curious
- Flexible and adaptable
- Persistent
- Passionate
- Willing to learn
- A visionary
- Motivated

Entrepreneurial drive stems from qualities like these, just as an entrepreneur's ability to succeed will depend on developing these abilities.

What types of entrepreneurs are there?

From social entrepreneurship to scalable startup entrepreneurship to intrapreneurs, there is no limit to the kinds of entrepreneurs currently operating within businesses.

An [intrapreneur](#) may be considered a type of entrepreneur, though this individual will likely have a bit less freedom and much lower financial risk than an entrepreneur who is truly embarking on a new, independent journey. While intrapreneurs may need to manage expectations and budgets provided by their sponsoring organization, they don't have the same concerns as independent entrepreneurs when it comes to investor relations, venture capital, and overall business management.

Entrepreneurs may also be motivated primarily by their desire to make a positive impact on the world by creating a new business. This type of leader is known as a social entrepreneur. They see a problem facing their communities, or the world at large, and they strive to create and implement new solutions that drive change.

Another important distinction among the different entrepreneurial categories is the scale of the entrepreneur's ambition: Are they trying to launch a small business or to create a growth-oriented startup?

What is the difference between a startup and a small business?

The term startup refers to a company in the early stages of development, typically founded by one or more entrepreneurs who want to develop a product or service for which they



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believe there is demand and expect to grow the business. The vision for the business is usually different from a small business owner's.

For example, a food service worker who's interested in entrepreneurship might choose to go into business for themselves, opening up a new restaurant. Eventually, this venture may succeed and grow to the point where opening up a second location or franchising the brand could be viable options. However, this does not necessarily mean that the restaurant is a startup, especially if the founder's initial goal wasn't to significantly expand the business.

A better example of a startup entrepreneur might be a food service worker who has an original idea about how to transform restaurant operations on a larger scale. This person might be interested in creating a new technological solution, reimagining distribution and logistics, or something else. The key difference here is that the startup is small in the beginning, but its success relies on using an innovative idea to respond to a large-scale opportunity. Right away, many startups, companies that are just beginning operations, have big ambitions.

From idea to startup

To visualize the journey of a startup entrepreneur, consider [Kevin Plank's story](#). As the founder of Under Armour his company, which is now known for its moisture-wicking clothing, a revolutionary idea at the time, took Plank into about \$40,000 of [credit card debt](#). His idea didn't catch on until he made his first sale to Georgia Tech and the appeal of his product took off.

Plank's entrepreneurial spirit took an idea based on the dryness of his compression shorts and turned it into a highly visible and wildly popular company through persistence, vision, motivation, and a determined sales strategy.

Obstacles to successful entrepreneurship

A smart venture and the right opportunity don't guarantee success in the world of entrepreneurship. A rising entrepreneur may face many hurdles on the road to founding a business.



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Recent research from the Ewing Marion Kauffman Foundation reported that the leading concern among “aspiring entrepreneurs” was difficulty [acquiring funds](#) to launch or expand the organization. Finding the proper mentorship was another major obstacle.

Speaking in a recent webinar, our faculty and guests explored similar topics as they described common [mistakes and pitfalls](#) that startups face, from assessing the competitive landscape to figuring out how to scale.

If you’re looking for ways to turn your innovative idea into a successful business, our experts and educators can help. Consider enrolling in the [Entrepreneurial Leadership Program](#) today.

You may also like



Launching a Successful Startup: Common Mistakes and Pitfalls



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