

Using an Entrepreneurial Spirit to Succeed in Global Business and the Public Sector



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UMUC.EDU

Plan for the Presentation

Introduction

What is an entrepreneurial spirit?

What is the global market?

Winning in the International Market

Winning at home

University of Maryland University College

University of Maryland University College (UMUC)



UMUC.EDU

University of Maryland University College

UMUC Mission

The mission of University of Maryland University College is improving the lives of adult learners. We will accomplish this by:

- Operating as Maryland's open university, serving working adults, military servicemen and servicewomen and their families, and veterans who reside in Maryland, across the United States, and around the world;
- Providing our students with affordable, open access to valued, quality higher education; and

University of Maryland University College

UMUC Mission

- Serving as a recognized leader in career-relevant education, embracing innovation and change aligned with our purpose and sharing our perspectives and expertise.

University of Maryland University College

Background information:

- Founded in 1947 as a branch of UM College Park
- Open enrollment university
- Europe – 1949, Asia 1956
- In 1970 UMUC became an independent degree-granting institution within the University System of Maryland
- 140 locations on four continents

University of Maryland University College

Background information:

- Bachelors, masters and doctoral degrees
- 90 individual degrees, specializations and certificates
- About 975 distinct online courses
- 80% of registrations are online
- Largest four-year public university in the USA
- About 90,000 students
- 75% of undergraduates work full time

Entrepreneurial Spirit

12 Signs that you have an Entrepreneurial Mindset

1. You take action

Go with the concept – not the detailed strategy

Invent as you go

2. You are scared – so scared that it drives success

3. You are resourceful – make it work even if you don't have all the resources you need

4. You obsess over cash flow – make the next payroll

Entrepreneurial Spirit

12 Signs that you have an Entrepreneurial Mindset

5. You don't ask for permission

You are inclined to ask for forgiveness rather than permission

You are never satisfied with the status quo

In organizations that are not entrepreneurial, questioning the way things are done is viewed as criticism. In entrepreneurial organizations the same questions are welcomed

6. You are fearless (you see potential where others see risk) a challenge when you figure out what matters).

Entrepreneurial Spirit

12 Signs that you have an Entrepreneurial Mindset

7. You welcome change

Listen to the market

Adapt and follow the money

8. You love a challenge – challenges drive greater effort

9. You consider yourself an outsider

Entrepreneurs aren't always accepted

Being rejected makes entrepreneurs try harder

10. You recover quickly – If you fail, move on!

Entrepreneurial Spirit

12 Signs that you have an Entrepreneurial Mindset

11. You listen

Be open to ideas

Surround yourself with people who are smarter than you

12. You focus on what matters (when you figure out what matters).

1. Retrieved on July 2, 2016 from <https://www.entrepreneur.com/article/243054>

Entrepreneurial Spirit

Characteristics of the Entrepreneurial Spirit

1. Be in tune with your passion
2. Question how things can be done better
3. Remain an optimist
4. Take intelligent risks
5. Execute superbly ¹

2. Retrieved on July 3, 2016 from <http://www.inc.com/matt-ehrllichman/5-characteristics-of-entrepreneurial-spirit.html>

Entrepreneurs

Henry Ford – Ford Motor: A car that his workers could afford to buy

Adolf Dassler – Adidas: Innovation in shoes for sport

Estee Lauder – Estee Lauder Cosmetics: quality & distribution

Ray Croc – McDonalds: Franchising

Steven Jobs – Apple: Create a market that few imagined (Apple computers & the iPod/iTunes)

Entrepreneurs

Debbie Fields – Mrs. Fields Cookies: Focus on a single product

Ingvar Kamprad – IKEA: value in furniture

Jeffery Bezos – Amazon: Provide a better way to shop

Obin (Josephine Komara): Indonesian Batik

Sudono Salim - Salim Group: Strategy: Take advantage of international opportunities

3M – Big Organization Entrepreneurship

A culture of innovation & an entrepreneurial innovation strategy: Scotch tape, Scotch-Brite, Post-it-notes & Scotchgard

3M strives to:

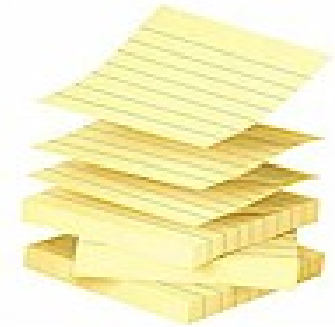
- Identify and meet customers needs
- Extend existing products into new markets
- Develop and grow its existing markets

3M encourages and actively promotes experimentation outside of mainstream activities

3M

Post-it-note Case

In 1970, Spencer Silver, a 3M scientist, was trying to develop a stronger adhesive. Instead discovered an adhesive that was easily removed. He prompted his “Solution without a problem” for four years without success.



In 1974, another 3M scientist, Arthur Fry, used Silver’s adhesive to coat markers he used in a song book.

3M started selling Post-it-notes in 1980.

3. Retrieved on July 3, 2016 from <http://www.inc.com/tim-donnely/brilliant-failures/9-inventions-made-by-mistake.html>

Entrepreneurial Spirit

Entrepreneurial Spirit Checklist:

3M exhibited:

- Be in tune with your passion
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- Remain an optimist
- Take intelligent risks
- Execute superbly ¹

[2. Retrieved on July 3, 2016 <http://www.inc.com/matt-ehrllichman/5-characteristics-of-entrepreneurial-spirit.html>](http://www.inc.com/matt-ehrllichman/5-characteristics-of-entrepreneurial-spirit.html)

Global Market

The Global market is the market!

2015 Estimates for Indonesia:

Gross national Product (\$) 859.0

Exports (\$) 152.5B (17.8% of GDP)

Imports (\$) 138.4B (16.1% of GDP)

Major Trading Partners: Japan, China, Singapore, USA, India, S. Korea, Malaysia, Thailand

4. Retrieved on July 6, 2016 <https://www.cia.gov/library/publications/the-world-factbook/geos/id.html>

Global Market

The Global market is the market!

2015 Estimates for USA:

Gross national Product (\$) 17.95T

Exports (\$) 1,589B (13.0% of GDP)

Imports (\$) 2,347B (16.1% of GDP)

Major Trading Partners: Canada, Mexico, China, Japan, Germany

5. Retrieved on July 6, 2016 <https://www.cia.gov/library/publications/the-world-factbook/geos/us.html>

Global Market

The Global market is the market!

2015 Estimates for World:

Gross national Product (\$) 113.7 Trillion

Exports (\$) 16.74 Trillion (14.7% of GDP)

Imports (\$) 16.12 Trillion (14.2% of GDP)

6. Retrieved on July 6, 2016 <https://www.cia.gov/library/publications/the-world-factbook/geos/xx.html>

Global Market

Foreign investment in Indonesia

- Between 2012 and 2014 an average of \$20.1 billion in Foreign Direct Investment has flowed into Indonesia annually
- 256 million people
- Developing middle class
- Abundant natural resources
- Investment incentives
- Safe market for investment 7

7. Retrieved on July 7, 2016 <https://en.portal.santandertrade.com/establish-overseas/indonesia/foreign-investment>

Global Market

Bottom line:

There is a huge global market available for those who can take advantage of it; but, Indonesia is also part of the global market and the Indonesian market needs to be defended.

Strategy

The key to winning is strategy: for entrepreneurs and big businesses. Strategy is action(s) that managers take to outperform competition ⁸

In business, strategy is king. Leadership and hard work are all very well and luck is mighty useful, but it is strategy that makes or breaks a firm” *The Economist, October 19, 2012*

If you don't have a competitive advantage, don't compete
Jack Welch – Former CEO of General Electric

Strategy is about making choices, trade-offs; its about deliberately choosing to be different - *Michael Porter – Professor and Consultant*

Strategy

International Strategy review:

- International marketing options
 - Multidomestic strategy: “Think-Local, Act-Local” – competitive strategy is tailored to each country. Examples – Coca-Cola, Nestle
 - Global Strategy: “Think-Global, Act-Global” – competitive strategy is the same in every country. Examples – Airbnb, Nike
 - Transnational Strategy: “Think –Local, Act-Global - a combination of Local and Global. Examples – McDonalds, Disneyland, Four Seasons Hotels

Strategy

Multi-domestic Strategy – Preferred Hotels & Resorts - Katamama Hotel, Bali: Ria Bintan Golf Club, Bintan

- Locally owned and managed hotels
- Consistent quality
- Shared resources

Global Strategy – Sheraton – Ubud, Denpasar, Yogyakarta

- Consistent image: warm, connected, community
- Consistent experience – Sheraton Club, Sheraton Social Hour
- Economies of scale

Strategy

Transnational strategy - Four Seasons Hotels – Jakarta, Bali at Sayan

- Local architecture, decoration & amenities
- Mix of local and international staff
- World-wide standard of quality service

Strategy

International Strategy review:

- Market Entry Options
 - Export
 - License
 - Franchise
 - Direct foreign investment
 - Joint venture
 - Subsidiary
 - A combination of any or all of the above

Winning in the International Market

Competitive advantage

Low cost provider

Differentiation (superior value)

- Tangible advantages – unique, cleaner, better, faster
- Intangible advantages – image, prestige

Best value – more for less

Niche dominance

Patents & Trademarks

Trade secrets or proprietary knowhow

Brand equity

Atari

Building a Startup

Atari

Case study: **Atari**- started by an entrepreneur built by an entrepreneurial Fortune 500 company

- In 1970, Nolan Bushnell (a 27 year old engineer) invented the video game which became Pong



Atari

Case study: **Atari** - started by an entrepreneur built by an entrepreneurial Fortune 500 company

- In 1972 Nolan Bushnell and Ted Dabney founded Atari
- Nolan Bushnell's product strategy – build on the emerging personal computer technology to develop a product that was dedicated to a single use , easy to use and fun
- In 1975, Atari developed a game that could be attached to a TV at home.



Atari

Case study: **Atari** - started by an entrepreneur built by an entrepreneurial Fortune 500 company

- Nolan Bushnell sold Atari to Warner Communications in 1976 for \$28 million
- Warner Communications was a USA Fortune 500 Company
 - 1976 sales \$669 million - #279 list
 - 1982 sales \$3,237 Million - #135 on the list
 - 1982 Atari sales – approx. \$2,000 million

Atari

Case study: **Atari** - started by an entrepreneur built by an entrepreneurial Fortune 500 company

- Warner’s “Entrepreneurial” strategy grab the market before the competition
 - USA: take a risk with aggressive distribution and heavy advertising
 - International – Take a risk but “Get there first”
 - Speed not thoroughness
 - Coverage not quality
 - Fix the mistakes later
 - Sales went from \$8 Million to \$400 million

Atari

Lessons learned:

- Atari leveraged existing technology in a new application
- *Differentiation*
- Atari met a consumer need by creating a market that did not exist and thus *created demand*
- Atari took *risks* to dominate their home market
- Atari took *risks* including placing quantity before quality to dominate the international market

Entrepreneurial Spirit

Entrepreneurial Spirit Checklist:

Atari exhibited:

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Aldi Versus Walmart

Entrepreneurial Activity Defense at Home

Aldi Versus Walmart

Walmart is the world's largest retailer (in sales) with approximately 8,500 stores in 15 countries. Walmart's success in large part is attributed to:

- Wide variety of merchandise
- Everyday low prices
- Superior logistics
- Superior data management and analysis

Aldi is the number 4 German retailer and a pioneer in self-service.



Aldi Versus Walmart

German retail market

- \$300 billion in 1996
- Concentrated – 5 chains account for 63% of sales
- Consume preference is for price versus quality
- Dominated by “Hard discounting”
 - Limited assortment
 - Very low prices
 - Low profits (0.8%)
 - Legally restrained from pricing below cost on a permanent basis
 - Privately held businesses (no shareholder worries)

Aldi Versus Walmart

In 1997 Walmart entered the German market – the world’s third largest retail market at the time and a market with cultural similarities to the USA. Walmart left Germany in 2006 having failed to establish a viable business.

Walmart’s German strategy was:

- Acquisition
 - Wertkauff hypermarkets 21 stores (profitable chain)
 - Interspars hypermarkets 74 stores (low profit – rundown stores)
 - Overall WalMart had limited Geography
- Every day low prices
- Excellent customer service

Aldi Versus Walmart

Aldi's strategy

- They did what they do best:
 - Maintain their position as the cost and price leader in Germany
 - Continue its limited inventory/Private label strategy
 - Take advantage of Germany's restricted shopping hours
 - Played by the German legal and cultural rules ¹⁰

10. Retrieved on July 11, 2016 from <http://www.iwim.uni-bremen.de/publikationen/pdf/w024.pdf>

Aldi Versus Walmart

Why did Aldi win?

- They won the low price, low quality war and defended their target market
- They maintained their strategy
- Walmart was entrepreneurial and failed. Was Aldi Entrepreneurial, smart or just lucky?

Entrepreneurial Spirit

Entrepreneurial Spirit Checklist:

Aldi & WalMart exhibited:

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Entrepreneurship in the Public Sector

An Entrepreneurial spirit is key in the public sector where resources are limited and the needs are great.

In government the customer (taxpayers) will determine if you receive the funding you need for your programs and even if you will keep your job. They need to be satisfied.

For an NGO. Entrepreneurship is key to both raising funding and often accomplishing the mission.

Its not about profit in the public sector but it is about customer satisfaction.- e.g., a social goal.

Entrepreneurship in the Public Sector

Phoenix Fire Department – Management by Opportunity

The Phoenix Fire Chief noticed that his mail from people who had fire losses did not talk about the equipment or technical skills of his teams but about how they were treated by the firemen. The Chief saw an opportunity:

- Customer service should be part of the Departments mission – not just putting out fires
- People vote – not buildings and the Fire Department's budget depends on the vote

Entrepreneurship in the Public Sector

Phoenix Fire Department – continued

- When a call center burned, the Department contacted the owner and helped him transfer the phone lines to a temporary location
- When the Emergency Medical Team picked up a contractor with a heart attack, they saw that the driveway he was building was unfinished. Firemen who could work with concrete were recruited to finish the work saving the customer aggravation and the contractor the need to redo the unfinished work at great expense.

Entrepreneurship in the Public Sector

Phoenix Fire Department – continued

In 15 years:

- Every bond levy (fund raising) for the Fire Department was passed by the voters
- Resource requests were rarely denied
- Staff satisfaction levels, retention and safety are among the highest in the USA
- There are 3,000 applicants a year for 50 openings
(P. Kotler, N. Lee, 2007)

Entrepreneurial Spirit

Entrepreneurial Spirit Checklist:

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Entrepreneurship in the Public Sector

Click it or Ticket

- Less than 80% of the population was using seatbelts
- For each one percentage point increase in usage the National Highway and Traffic Safety Board estimates that:
 - 270 lives will be saved
 - 4000 injuries will be prevented
- Approach:
 - Advertise to target populations
 - Enforce the law

Entrepreneurship in the Public Sector

Click it or Ticket



Entrepreneurship in the Public Sector



Entrepreneurship in the Public Sector

Click it or Ticket

Social Marketing – Combining outreach and law enforcement.

- Objective – Increase seatbelt usage
- Started in 1993 in one state - National by 2004
- Figures released by the [U.S. Department of Transportation](#) in May 2003 indicated belt use in the overall population increased from 75% to 79%.
- Estimated to have saved 13,200 lives in 2008 ¹²

12. Retrieved on July 12, 2016 from file:///C:/Users/Steven/Downloads/ciot-history.pdf

Entrepreneurial Spirit

Entrepreneurial Spirit Checklist:

Click it– or-ticket exhibited:

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Entrepreneurship in the Public Sector

- Singapore keeps the Island clean with heavy fines for littering
- France has little or no taxes on French wine to encourage local consumption
- In the 1980's and 1990's, China modernized quickly by requiring foreign joint venture partners to provide only state-of-the-art manufacturing equipment
- The USA government has export.gov a website aimed at helping exporters
- Indonesia – DGNEDE: Directorate General for National Export Development

Entrepreneurship in the Public Sector

Thank you!

Questions

Suggested Reading

Etemad, H. (2015, June). The promise of a potential theoretical framework in international entrepreneurship: An entrepreneurial orientation-performance relation in internationalized context. *Journal of International Entrepreneurship*. p. 89.

Ep Chedli, M. K. (2015). Entrepreneurial Features of the Creators of Innovative Enterprises. *International Journal Of Economic Practices & Theories*, 5(3), 213.

Etemad, H. (2014, December). The institutional environment and international entrepreneurship interactions. *Journal of International Entrepreneurship*. p. 309.

Suggested Reading

Kollmann, T., & Christofor, J. (2014). International entrepreneurship in the network economy: Internationalization propensity and the role of entrepreneurial orientation. *Journal Of International Entrepreneurship*, (1), 43.

Buciuni, G., & Mola, L. (2014). How do entrepreneurial firms establish cross-border relationships? A global value chain perspective. *Journal Of International Entrepreneurship*, (1), 67.

Jones, M. V., & Casulli, L. (2014). International entrepreneurship: exploring the logic and utility of individual experience through comparative reasoning approaches. *Entrepreneurship: Theory And Practice*, (1), 45.