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Lolli's World Episode 1

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[Jon Harman](#)

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What is Entrepreneurship?

When discussing entrepreneurship, we should understand its diversity. The video below illustrates how entrepreneurship is seen in everyday language and what forms of entrepreneurship have emerged around it in practice. It is particularly important to understand how these forms of entrepreneurial behaviors differ from each other.

Who Even Is An Entrepreneur?: Crash Course Business - En...



In the next few slides different forms of entrepreneurship are presented.

Part-time entrepreneur

Part-time entrepreneurs have a company and their own customers, but their main earned income arises from wage income. They are able to experience the joys of entrepreneurship, but thanks to wage security, they do not have to face the brutality of entrepreneurship. In some cases, there is no desire to even grow part-time work into a full-time business, and sometimes entrepreneurship is so seasonal that full-time work is not even possible, for example, business related to the summer or festive seasons.

In recent years, part-time entrepreneurship has grown in popularity and the reasons for the emergence of part-time entrepreneurship have begun to be investigated. In the literature, the motivational factors for part-time entrepreneurship are divided into following categories:

- **Intermediate**—In this category the aim is full-time entrepreneurship, part time work is just an intermediate stage.
- **Tester**—People in this category are testing their wings as part time entrepreneurs.
- **Amateur**—In this category entrepreneurship is a way of organizing and/or financing a hobby.
- **Competence developer**—In this category the starting point is the application or development of a competence through business operations.
- **Extra income seeker**. In this category the person is a part time entrepreneur primarily for extra income.
- **Conditional entrepreneur**. People in this category end up in a side business due to various circumstances.

Source: Viljamaa, etc. (2014)

Solo entrepreneur

A full-time entrepreneur can be either an employer entrepreneur or a solo entrepreneur. The majority of entrepreneurs are solo entrepreneurs. **A solo entrepreneur can operate either through the business name he or she owns or through a limited company.** If a sole entrepreneur does not operate through a company, he is a **self-employed person**.

The number of solo entrepreneurs is believed to be growing rapidly with the ongoing changes in work. This is due to the desire of employees to determine their own future as well as their own work tasks and colleagues. At the same time, employer companies are outsourcing their own operations and do not want to hire new employees on payrolls. In this way, business fluctuations, i.e., changes in demand, do not pose such a high risk to a small company.

Platform entrepreneur

Platform entrepreneurship is a relatively new term and therefore the definitions and terminology used in the subject area vary. Some researchers talk about **freelancers of the new age** (Wallenstein, et al., 2019) and for some this phenomenon is platform work (Mattila, 2019).

All of these terms refer to **working online** and **commercializing your own expertise or product ideas**. The business has developed rapidly, mainly due to websites and applications. Web-based platforms and applications transmit work or services digitally, share work tasks in a new way, and control employee actions through algorithmically controlled structures. Digital platforms make it easy to find customers and develop new kinds of skills to find new projects and jobs. Platforms offer many a great opportunity to agilely test new product ideas or measure the carrying capacity of their own expertise in a real customer interface. They can be used to turn professional know-how or competence generated through a hobby into money, even in addition to traditional paid work.

The growing popularity of the platform economy has sparked a serious debate about the **transformation of labour**. Scholars agree that the work is broken down into even smaller pieces. At the same time, more and more people of working age have many roles and identities, whether related to part-time entrepreneurship, hobbies or platform work. Today's young people in particular do not want to limit their own interest to being very narrow, but want to build a more diverse identity for themselves. According to a study by Ctrip, 85 percent of those born in the late 1990s believe that "modern man should have many different interests." This set has come to be called the slash generation, who simultaneously use many different titles from their own personalities, such as Engineer/Artist, Merchant/Photographer, or Entrepreneur/Writer.

For this generation, **entrepreneurship and the platform economy are a natural way to realize one of these many work personalities**. Even today, many young people go to day jobs, but at the same time invest time and energy in other things—to express their own creativity and fulfill their personal values. According to a study by the Beijing Youth Daily, there are as many as 80 million people belonging to the slash generation in China. Nonetheless, it is worth asking the rather pertinent question "*do self-employment, gigs and platform work go beyond traditional paid work*"?

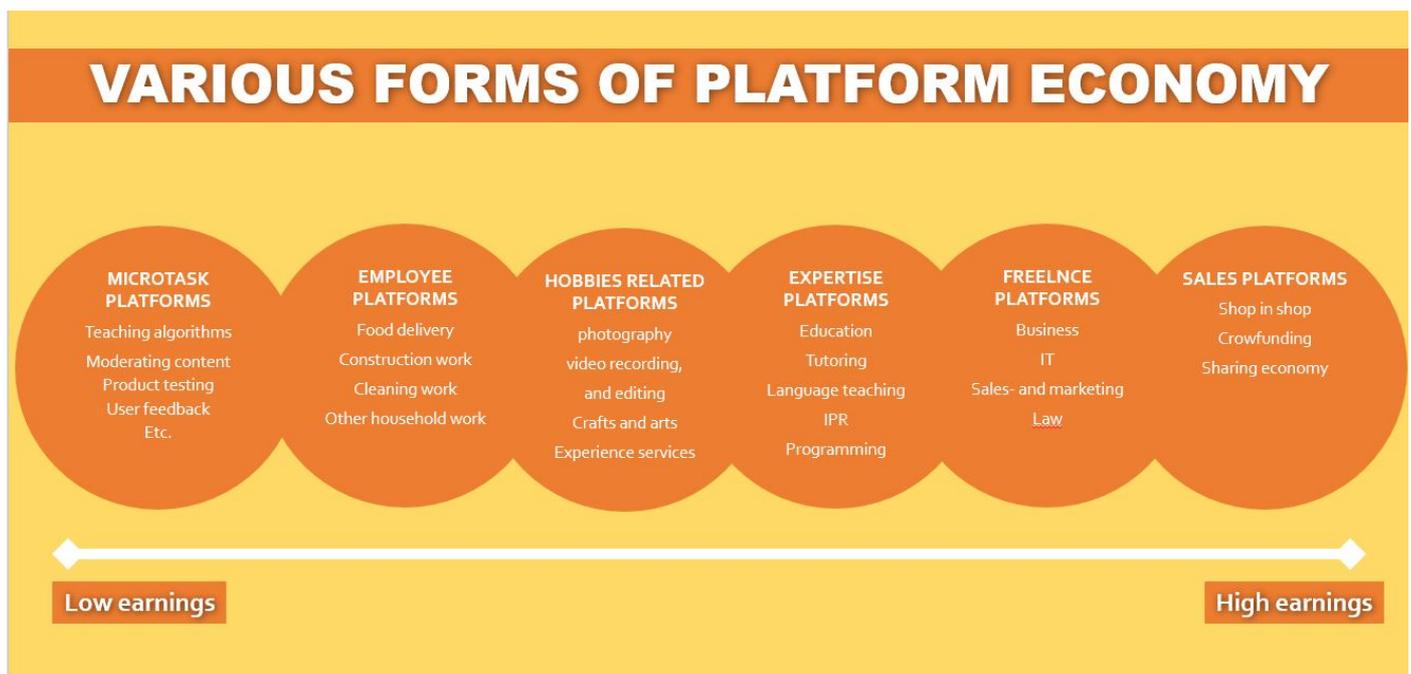
Technological advances and the proliferation of Internet connections have made it **possible to share work across platforms**. At the same time, money from private equity investors has also flowed to an even greater extent to companies which are developing platforms. This has enabled the growth of the popularity of the platform economy and its breakthrough.

According to a 2015 survey, as many as 70 percent of the world's most valued startups were platform companies. As many as 176 of these companies were estimated to be worth more than \$ 1 billion. According to the geographical distribution, 82 companies were from Asia, 64 from North America, 27 from Europe and only three from Africa and Latin America. In terms of cash flow, North American platforms generated \$ 3,100 billion, Asia 930 billion and Europe only 181 billion. Reflecting on

these statistics, should the European Union to ask itself whether it is lagging behind in the development of the platform economy?

Building a new platform costs a lot, but when operating, its production costs are very affordable. The large number of users reached by the platform generates a profitable cash flow for the owners and its valuation levels can skyrocket. In the platform economy, there has been talk of winner takes it all thinking, in which one (or a few) parties will control the commissioning of work in certain functions or industries. Such a debate is already under way in the case of Amazon and a few other players in the platform economy. It is safe to say that a platform-based business model is one of the most successful operating models in the Internet economy.

From an individual perspective, platforms can be divided into “**blue collar**” and “**white collar**” **platforms**. Others make a dichotomy purely on the basis of competence, and therefore there is a well-established dichotomy in the literature for “**skill-based**” and “**skill-biased**” **platforms**. However, a deeper examination of the platform economy reveals a much wider range of platforms designed for different earning purposes. This whole is good to understand when talking about future working life and its entrepreneurial nature. Figure 1 illustrates the different forms of platform entrepreneurship to a degree in depth.



Sekki (2021)

The growing popularity of self-employment and platform economy has sparked a serious debate about the transformation of labor work into entrepreneurial way of working. For that reason, future researchers have predicted that by the end of the 2030s, as many as 60 percent of global workforce will be entrepreneurs or freelancers and only 40 percent will be traditional wage earners.

Below you can find examples of global microtask platforms

- Crowdsourcing – <https://www.crowdsourcing.com/> ↗ (<https://www.crowdsourcing.com/>)
- Appen – <https://appen.com/jobs/contributor/> ↗ (<https://appen.com/jobs/contributor/>)
- Clickworker – <https://www.clickworker.com/> ↗ (<https://www.clickworker.com/>)
- Microworkers – <https://www.microworkers.com/> ↗ (<https://www.microworkers.com/>)
- Picoworkers – <https://picoworkers.com/> ↗ (<https://picoworkers.com/>)
- Amazon Mechanical Turk – <https://www.mturk.com/> ↗ (<https://www.mturk.com/>)
- Remotetasks – <https://www.remotetasks.com/> ↗ (<https://www.remotetasks.com/>)

Below you can find examples of global employee platforms

- UberEats – <https://www.ubereats.com/> ↗ (<https://www.ubereats.com/>)
- Takeaway.com – <https://www.takeaway.com/> ↗ (<https://www.takeaway.com/>)

Below you can find examples of global hobby related platforms

- Society6 – <https://society6.com/> ↗ (<https://society6.com/>)
- Redbubble – <https://www.redbubble.com/> ↗ (<https://www.redbubble.com/>)
- Spoonflower – <https://www.spoonflower.com/> ↗ (<https://www.spoonflower.com/>)
- Teepublic – <https://www.teepublic.com/> ↗ (<https://www.teepublic.com/>)
- Etsy – <https://www.etsy.com/> ↗ (<https://www.etsy.com/>)

Below you can find examples of global expertise platforms

- Skillshare – <http://www.skillshare.com/> ↗ (<http://www.skillshare.com/>)
- Total training – <https://totaltraining.com/> ↗ (<https://totaltraining.com/>)
- Skill success – <https://www.skillsuccess.com/> ↗ (<https://www.skillsuccess.com/>)
- italki – <https://www.italki.com/> ↗ (<https://www.italki.com/>)
- Tutors – <https://tutors.com/> ↗ (<https://tutors.com/>)

Below you can find examples of global freelance platforms

- Upwork – <https://www.upwork.com/> ↗ (<https://www.upwork.com/>)
- Freelancer – <https://www.freelancer.com/> ↗ (<https://www.freelancer.com/>)
- Fiverr – <https://www.fiverr.com/> ↗ (<https://www.fiverr.com/>)

Below you can find examples of global sales platforms

- Amazon – <https://www.amazon.com/> ↗ (<https://www.amazon.com/>)
- eBay – <https://www.ebay.com/> ↗ (<https://www.ebay.com/>)

- Alibaba – <https://www.alibaba.com/>  [\(https://www.alibaba.com/\)](https://www.alibaba.com/)
- Rakuten – <https://www.rakuten.com/>  [\(https://www.rakuten.com/\)](https://www.rakuten.com/)

Sales agent entrepreneur

A sales agent is a commercial agent, i.e. a person or company who represents a manufacturer of a good or service and sells those goods or services on their behalf.

For starters, the sales agent and principal draw up a resale or sales agent agreement. The agreement defines the terms and price of the purchase and sale of products or services and the price level, as well as the agent's commission. For example, the terms may limit the geographic area in which the sales representative may operate. The entrepreneur then makes a sales and marketing plan and begins selling the products or services. The sales agent business is a straightforward business, and the road to the market is fast and relatively inexpensive, as the sales agent entrepreneur does not have to bear the costs of product development. It is possible to test sales agent entrepreneurship on a part-time basis, during paid work.

The **import business** is also very closely linked to the sales agent business. A sales agent can act as an importer and agent for a principal in a particular geographic area.

The key areas of expertise and cornerstones of success of a sales agent entrepreneur

- The sales agent entrepreneur must be able to choose products there is demand for in the market. The faster the industry is growing, the easier it is to find customers for your own products as well.
- The sales agent entrepreneur must be able to price the products so that there is sufficient profit from operations (after variable costs, fixed costs, and salaries).
- A sales agent entrepreneur should love sales work and be a solid expert in traditional sales or digital sales. Sales work is not worth studying at the peak of your own company's operations, but it is usually worth practicing in the service of another.
- One must remember that customer contacts acquired in previous employment relationships significantly accelerate the business operations.

Franchising entrepreneur

Franchising entrepreneurship enables the establishment of a company with a tested business idea. So it is not always worth reinventing the wheel, and sometimes it may make sense to join a well-known brand and start a business through it. Franchising entrepreneurship also offers a **faster start** than normal business operations, as the **concept, brand and operating culture already exist.**

When starting a business, **a franchisor buys a license from a chain.** This includes the training that the franchisee provides to the new entrepreneur. In addition, the franchisee charges maintenance fees, against which the franchisor receives various support services, such as joint marketing and chain-level development activities. Often, purchases must also be made from a chain. Franchising has been criticized for restricting the entrepreneur's own freedom of movement because, typically, the franchisee monitors the activities of the franchisors very closely to ensure that the look and behavior of each franchisor remain consistent.

From an international perspective, however, the European franchising sector is not very developed. According to studies conducted by an international franchising association in the United States, for example, the situation is quite the opposite: and the majority of new companies originate from franchising.

The franchisor's core competencies and cornerstones of success

- The brand and co-marketing offered by franchising ensures a customer flow for every entrepreneur, but the ability of an individual franchisor to get customers back through repurchases is crucial to success.
- The franchisor needs to understand the economy to keep the cost side in balance.
- The franchisor must be hardworking and multi-skilled enough. Especially in the early stages of entrepreneurship, work tasks cannot be outsourced to anyone else, so entrepreneurs must be able to do many different things themselves.

Business transfer (a so called buy out) entrepreneur

Companies are merchandise in the same way as objects or commodities. A person who starts their own entrepreneurial career by buying an existing business is called a business transfer (or buy out) entrepreneur. A lot of this happens in the family circle, in connection with generational changes, but other people interested in entrepreneurship are also able to buy existing companies. Professional investors and operating companies are usually interested in companies with a turnover of more than EUR 3- 5 million. Thus, in companies smaller than this, there is the possibility to start your own entrepreneurial career in this way.

Starting a business through a change of ownership is also interesting in the sense that the probability of the company surviving is considerably high. According to some studies, as many as 90 percent of acquired companies are alive two years after acquisition. **The high survival rate** is explained in particular by the fact that the new entrepreneur will have a functioning business and customers. Financially, the change of ownership can be carried out partly by borrowing money (in Finland it is for e.g. possible to obtain a Finnvera guarantee). The conditions for the continuation of business operations are good if the purchase of the company has not been too expensive.

However, a change of ownership is not always possible or even worthwhile, as some industries have simply come to the end of their life cycle. A good indication of this is a sharp decline in the number of companies in the industry and a longer-term decline in turnover.

The most important areas of expertise and the cornerstones of success in this category:

- At the time of purchase, the new entrepreneur must understand the income statement and balance sheet deeply and comprehend what the value of the company consists of. If the entrepreneur pays too much for the acquired company, it may become an obstacle to the profitability of the business. As a rule of thumb, borrowing costs should not exceed the annual income of the business.
- A change of ownership entrepreneur must have sufficient business experience to be able to build the right kind of management system for the company and manage the whole company.
- In a change of ownership, knowledge of the industry is emphasized compared to many other forms of entrepreneurship.

Start-up entrepreneur

Startup entrepreneurship is on the minds of almost everyone today. There are numerous definitions for it, such as “a team developing a new product,” “a temporary organization working in extremely uncertain conditions,” or “a team looking for a repeatable and scalable business model”. These definitions do not in any way comment on the size or age of the company. According to these definitions, **even within large companies, startups can emerge.**

Very often, **a startup is a growth-oriented company that is just developing its first product and is not yet making a profit or even a turnover.** Often, the business ideas for startups are so radical that the market is not ready for them or business owners cannot find sufficient funding to bring them to market. As a result, as many as 90 percent of startups die within three years of being set up. However, if successful, these companies can make the owners extremely rich, and that is why this form of entrepreneurship is so wanted or desired, even though it involves the greatest risks.

Very few succeed in the start-up world alone. **Usually a skilled and diverse team is needed to succeed.** For this reason, start-up entrepreneurship is a synonym for team entrepreneurship. It is typical of start-up entrepreneurship that after either a successful exit or failed experiments, its founders may move onto a new business idea and start another company around it. Such people have come to be called serial entrepreneurs. Some people might carry out these hands-on experiments simultaneously under several different teams or companies. Such individuals have come to be called portfolio entrepreneurs.

Startup entrepreneurship is such a challenging and risky form of entrepreneurship that it is not suitable for everyone. It would be preferable to practice business first with “easier” entrepreneurial concepts, and as knowledge and skills accumulate, move onto this more challenging category, the “Everest of entrepreneurship”.

Key competencies for start-up entrepreneurship and the cornerstones of success in this category:

- Startups are such a demanding form of entrepreneurship that the founders should have previous experience in the company’s industry as well as in business. Without this, obtaining funding may be challenging and the activity will not go beyond the initial idea.
- The start-up entrepreneur must see the future and be able to communicate his vision to investors and stakeholders. Money is raised largely on the basis of faith in the future, around emerging industries.
- A start-up entrepreneur needs to be quick to learn and agile to try something new. Based on these experiments, the entrepreneur should be able to direct the company to where to find paying customers.

The founder of LinkedIn has aptly described the everyday life of a startup entrepreneur:

“Entrepreneurship is like landing a plane down a mountain cliff, but on the way the entrepreneur has to repair the plane at least twice.”

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Lolli's World Ep 1 Conclusion

29 Dec 2021 at 21:28

[Jon Harman](#)

All sections

Lolli's World Ep 1.2 (Canvas)



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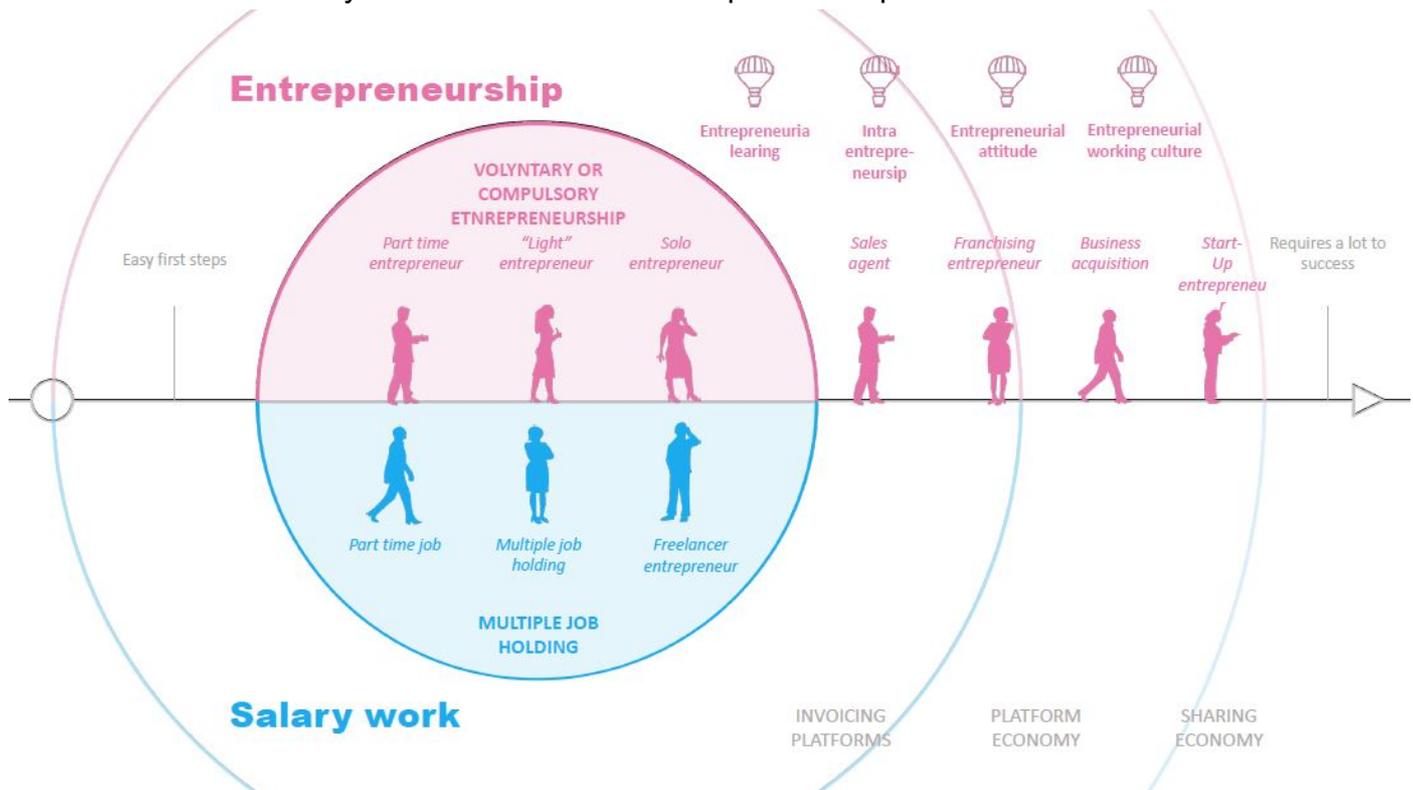


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Practical assignment - Your own entrepreneurial identity?

Here is a short summary of different forms of entrepreneurship



Based on the scheme above, what is your personal entrepreneurial identity? Which of the forms of entrepreneurship described in that module are of most interest to you and why? What kind of practical steps in the field of entrepreneurship would you be willing to take and at what stage in your career?

Students discuss in pairs or small groups and then share a summary with the entire group.

They can also describe their own idea in the form of a short essay (about 200 to 300 words).