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2) A RESEARCH STUDY TO DETERMINE THE CHARACTERISTICS
AND ATTITUDES // SHARED BY ENTREPRENEURS AND
INTRAPRENEURS AND THE SIMILARITIES
AND DIFFERENCES BETWEEN THEM

) by
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Thesis submitted to the Faculty of the Graduate School
of the New Jersey Institute of Technology in partial
fulfillment of the requirements for the degree of
Master of Science in Management Engineering
1986

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ABSTACT

Title of Thesis: A Research Study to Determine the Characteristics and Attitudes Shared by Entrepreneurs and Intrapreneurs and the Similarities and Differences Between Them

Miguel A. Vargas, Master of Science in Management Engineering,
1986

Thesis Directed By: Professor Daniel S. Walsh, P.E.

The United States of America has been the mecca of many ventures for people with vision, goals and perseverance. The prosperity of our nation has been paved by individuals with great ambition, determination and insight, who have dared to take on a risk in owning a business enterprise.

This research study was conducted to determine the characteristics and attitudes of both entrepreneurs and intrapreneurs, as well as the similarities and differences between them.

For this study, a survey of entrepreneurs was conducted through the use of questionnaires distributed to business owners located in the counties of Essex, Passaic and Hudson, in the state of New Jersey. The study of the intrapreneurs was conducted through the use of questionnaires mailed to

intrapreneurs, located in different areas of the country. The research study of both groups was further supplemented with case studies of entrepreneurs and intrapreneurs throughout the nation, as well as with personal interviews with authorities in the field.

The most significant finding was that entrepreneurs and intrapreneurs definitely exhibit many of the same attitudes and characteristics in carrying out their ventures, as demonstrated by their intuitiveness, their "go-gettiness," hard work, and the tenacity to succeed. The study also indicates that there are certain similarities and differences shared by both groups in the way they go about determining the type of ventures and in the risks involved in attaining their goals.

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I dedicate this thesis to my dear family, especially to my wife Esmeralda, and to my sons, Michael, Omar and Kenneth in appreciation for their patience, support and understanding.

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TABLE OF CONTENTS

Chapter	Page
I. INTRODUCTION.....	1
A. The Purpose of this Study.....	1
B. How is this Study Conducted and Analyzed?.....	2
C. Limitations.....	2
II. HISTORICAL BACKGROUND.....	4
A. Entrepreneurs in America.....	4
B. A Brief on Management Practices During the Last Four Decades	8
III. DEFINITIONS.....	13
A. Entrepreneurs.....	13
B. Intrapreneurs.....	19
C. Product Champions.....	24
D. Business Owners.....	28
IV. BECOMING AN ENTREPRENEUR/INTRAPRENEUR.....	30
A. Advice from Entrepreneurs.....	30
B. Education and Training - Entrepreneurs.....	41
C. Education and Training - Intrapreneurs.....	48
V. BUSINESS VENTURES.....	53
A. Case Studies - Entrepreneurs.....	53
B. "Smart Teams".....	68

Chapter	Page
VI. INTRAPRENEURS.....	74
VII. MINORITIES IN THE ENTREPRENEURIAL ROLE.....	83
VIII. ANALYSIS OF DATA FOR ENTREPRENEURS AND INTRAPRENEURS	101
A. Entrepreneurs.....	101
B. Intrapreneurs.....	109
C. Similarities and Differences of..... Entrepreneurs and Intrapreneurs	112
IX. CONCLUSION.....	116
A. Who is the Entrepreneur and Intrapreneur?...	116
B. Findings of the Study.....	117
C. Recommendations.....	119
APPENDIX A. Sample of Cover Letter and Questionnaire .. Used for Entrepreneurs' Survey	121
APPENDIX B. Sample of Cover Letter and Questionnaire .. Used for Intrapreneurs' Survey	127
APPENDIX C. Tabulated Response Data of Questionnaire .. Received from Entrepreneurs	130
APPENDIX D. Tabulated Response Data of Questionnaire .. Received from Intrapreneurs	141
BIBLIOGRAPHY.....	144
FOOTNOTES.....	148

LIST OF TABLES

Table	Page
I. Tabulated Response Data of Questionnaire Received from Entrepreneurs 130
II. Tabulated Response Data of Questionnaire Received from Intrapreneurs 141

CHAPTER I

INTRODUCTION

A. The Purpose of this Study

The purpose of this research study is to determine the characteristics and attitudes of entrepreneurs and intrapreneurs, and the similarities and differences between the two groups.

The term "entrepreneur" has been in use for many years, generally to identify individuals who take bold risks in business related ventures with the purpose of making money. "Intrapreneur" is a relatively new word that identifies individuals who undertake a project in a large organization, usually, from start-up to production and marketing.

The concept and understanding of the terms entrepreneur/intrapreneur have a direct impact on the development of our free enterprise, as well as in our economy in general. Entrepreneurial education has been neglected because the individual entrepreneur has been identified as a risk taker, rather than an educated, knowledgeable person. Should a proper education be implemented, everyone would benefit from the results. Minority groups would be able to step-up in all aspects, especially in education and employment opportunities. Intrapreneurship refers to entrepreneurial activities

that occur within the organization. It teaches and motivates large organizations and employees to develop and innovate products in a more effective and efficient manner. The concept of entrepreneurship/intrapreneurship may be applied, not only to small and large businesses, but to all other type of organizations as well, for there is always room for improvement.

B. How is this Research Study Conducted and Analyzed ?

This research study is based on actual data provided by questionnaires distributed to entrepreneurs and intrapreneurs, reading material and personal interviews.

Separate questionnaires were prepared for entrepreneurs and intrapreneurs. A total of 150 questionnaires were distributed; 120 were mailed and 30 handed out directly. Out of the 150 questionnaires, 41 were returned and used for this research study. Out of the 41 questionnaires received, 38 were from entrepreneurs and 3 from intrapreneurs.

C. Limitations

The analysis of the characteristics and attitudes of the entrepreneurs is based on the questionnaires provided by the 38 entrepreneurs. The 38 entrepreneurs are located in three New Jersey counties: Essex, Passaic and Hudson.

Since only 3 intrapreneurs returned the questionnaires, Jim Hurd - Planar Systems, Beaverton, Oregon; Stephen Martin-Ciba Vision Care Corp., Atlanta, Georgia; and Bob Ehrlich - Warner-Lambert, Morristown, New Jersey, a general analysis of their characteristics would not have validity if based on the information from only 3 samples. Therefore, this analysis has been done using additional information from reading material, especially from comments made by Gifford Pinchot III, Peter F. Drucker, and other important personalities who are active in the field of intrapreneurship.

The research study of both groups of entrepreneurs and intrapreneurs is further supplemented with case studies of entrepreneurs/intrapreneurs throughout the nation, as well as with comments on the subject by Dr. J.T. Elder - President of New Ventures Group, Allied-Signal Corp., Morristown, New Jersey, and R. J. Heptic - Corporate Director, Personnel Resources, American Cyanamid Company, Wayne, New Jersey. Both, J.T. Elder and R.J. Heptic were interviewed for the purpose of this study at the beginning of this year (1986).

CHAPTER II

HISTORICAL BACKGROUND

A. Entrepreneurs in America

"There is an old poem about a young 'Yankee boy' that pretends to be about whittling but is actually about Americans' proclivity toward ingenuity.

Before he is even old enough for school, this Yankee boy knows how to wield his magic pocketknife. 'Thus by his genius and his jack-knife driven, / Ere long he'll solve you any problem given,' the poem goes. 'Eye, when he undertakes it, / He'll make the thing and the machine that makes it.'

Our creativity, our drive, our 'genius' has made us the richest, most productive society ever. When you dissect our behemoth corporations in search of what is at their hearts, you will find it was 'great ideas' that started it all. The telephone of Alexander Graham Bell and, Theodore Vail's notion of standardization-phones, along with their components and lines, are the ideas behind AT&T, the telecommunications giant." [1]

Entrepreneurship has always existed throughout America and in many parts of the world. In America, entrepreneurship

has been mostly achieved during the periods of economic upheaval. New Ventures prospered and appeared to be the surest ways to financial security and personal happiness. The most able people from different specializations have ventured away from salaried jobs and founded new enterprises to secure their futures.

Enterprising Americans have played a major role in the development of our country. Their life stories reflect fine examples of true entrepreneurialship, which led America into prosperity. The spirit was sparked by individual ambition and self confidence, fostered by the freedom of choice and opportunity to go as far as their ambition and hard work would take them. This spirit has made our country great from the colonial times up to the present and holds great hopes for the future.

The following was stated eloquently by Thomas Jefferson: "Freedom is the right to choose, and the right to create for oneself the alternatives. Without the possibility of choice, a man is not a man but, a member, an instrument, a thing." [2] There are very impressive examples of the effort illustrated by some Americans who have contributed to the successful growth of the American business tradition. Those were talented individuals, from a variety of backgrounds, and each came into his main operation almost by chance.

That is not to say that luck and fortune dominated their

lives, but rather, that economic conditions of the nation almost always presented many opportunities to aggressive and intelligent individuals such as the following:

Francis Cabot Lowell (1775 - 1817) - Generally credited with establishing the factory system in America. Before and after the revolution, Lowell led a segment of the Aristocracy from commerce to manufacturing by beginning the first cotton textile manufacturing enterprise. It was a risky business venture, mainly because of the British laws on commerce being imposed upon the United States during this period. Lowell's idea of manufacturing was met with much opposition, as most Bostonian merchants of that period had preferred to stay in commerce. Lowell's foresight, along with determination and ambition, was an incentive for others in Boston to follow in the manufacturing business. Lowell established the mill in 1817. This was the first mill factory in the United States, or perhaps, in the world which was fully mechanized. The mill was an exception. It was the only one in the nation to produce large amounts of cloth. Lowell was able to meet the British competition, and actually sell cloth below the English price and still show a profit. [3]

Cyrus Hall McCormick (1809 - 1884) - Developed the technology that created emperor wheat, which a generation later would develop in the battle between cotton crops (used for textiles) and wheat. McCormick was the precursor of, and model for, big businessmen who followed him and whose ties

were to the soil.

McCormick is credited for being the inventor of the reaper, a device that cuts wheat in a way that the grain would not fall from the stalks; leaving it in the field for a bender which would then gather it and arrange the stalks in orderly sheaves. Later, he developed a machine that would bend the stalks as well.

Cyrus Hall McCormick's major contribution was not only in manufacturing, invention or finance. Businessmen of this period (mid-1800's) were obliged to imitate McCormick in sales and distribution. As one scholar said once, he was a "merchandiser par excellence." [4]

Cyrus Hall McCormick formed his own sales organization, guaranteed the reaper, and offered to sell it on installments. This approach to market the product made McCormick's company one of the most prosperous and innovative of its period. He selected exclusive agents at key points throughout the marketing area. This was, in effect, the beginning of the dealer system as it is known today. The control of dealer agents was just as tight under McCormick as it was later under General Motors. He challenged builders of other reapers to field tests. It was like the automobile speed races of later years. His company became the great International Harvester whose name was recently changed to Navistar International Corp. [5]

Since the colonial period to the present, there have been too numerous entrepreneurs to mention. Everyone has contributed in one way or another to better the lives, not only of Americans, but also, of the world. At the turn of the 20th century we had Henry Ford, whose assembly line had defined how to best build cars, and William C. Durant, at G-M, whose segmented marketing taught us how to best sell them. [6]

Hewlett-Packard is another example. The company started in a one bay car garage behind a house, by William R. Hewlett and David Packard in the mid-1930's. Now, HP is one of the most innovative and solid companies in the U.S.

There are many other enterprises which are not mentioned here that have had humble beginnings. Many of these companies started in car garages, in the back of station wagons and in basements. Their companies' destinies were guided by the hard work, wisdom and the strong will of its founders to succeed. These founders (the entrepreneurs of America) have been an inspiration for many others; they have also made this country a great place to live.

B. A Brief on Management During the Last Four Decades

As companies grew larger, the demands for professional management also increased to adequately meet the rapid technological changes. The stiff competition in the domestic and

world wide markets caused managers to become aware of new techniques and remedies to solve their specific problems. Management began to put into practice almost any available concept that would promise a quick fix to their dilemmas.

The following is a brief description depicting the different theories that have emerged for managers, as well as for students of management, during the last 40 years.

The 80's

1. "Theory Z.- Proponents of Japanese management argue that U.S. companies should adopt such techniques as quality circles and job enrichment.

2. Intrapreneuring.- Encourages executives to create and control intrapreneurial projects within the corporation.

3. Demassing.- A popular euphemism for trimming the work force and demoting managers.

4. Restructuring.- Sweeping out businesses that don't measure up; often while taking on considerable debt. Wall Street usually applauds these moves.

5. Corporate Culture.- The values, goals, rituals, and heroes that ... characterize a company's style.

6. One-Minute Managing.- Balancing price and reproach in 60 seconds.

7. Managing by Walking Around.- Leaving the office to visit the troops instead of relying on written reports.

The 70's

8. Zero-Based Budgeting.- Throw out last year's numbers and start from scratch when making up this year's budget.

9. Experience Curve.- Generating profits by cutting prices, gaining market share, and boosting efficiency.

10. Portfolio Management.- A ranking system that identifies some businesses as cash cows, some as stars, and some as dogs.

The 60's

1. T-Groups.- Encounter seminars for managers designed to teach them impersonal sensitivity.

2. Centralization / Decentralization.- One school of thought says that the headquarters should make the decisions; the other one places the responsibility in the hands of managers.

3. Matrix Management.- A system by which a manager may report to different superiors according to the task.

4. Conglomeration.- Putting disparate businesses under a single corporate umbrella.

5. The Managerial Grid.- A method of determining whether a manager's chief concern is people or production.

The 50's

6. Computerization.- The first corporate mainframes were displayed as proud symbols of progress.

7. Theory Z.- As propounded by MIT Professor Douglas McGregor, this philosophy held that people produce more if they have a say in their work.

8. Quantitative Management.- Trust the numbers. Running a business is a science, not an art.

9. Diversification.- The strategy of countering cyclical ups and downs by buying other businesses.

10. Management by Objectives.- Peter F. Drucker popularized the process of setting an executive's goals through negotiation." [7]

Gifford Pinchot III, says to have the answer with "intrapreneurship" to today's American companies most pressing problems, such as, the need for fast development of products and services to compete with the Japanese and European markets. Each day American companies are finding it more and more difficult to retain talented people inside the organization; instead, the employees are leaving the companies to start their own business. [8]

Kitta MacPherson says: "The art of 'intrapreneurship' may sound fake in some respects; after all, encouraging innovation has always been the name of the game. So how could it be a new idea for corporations ?" [9]

The following chapters of this thesis will attempt to answer questions regarding "intrapreneurship," characteristics and attitudes of entrepreneurs/intrapreneurs, and what some organizations are doing about it.

CHAPTER III

DEFINITIONS

A. Entrepreneurs

The word entrepreneur is used in different ways by different people. In the early 18th century, the French used the term entrepreneur to describe a person who undertook and developed a new enterprise. In particular, in the late 1800's, the word was used to designate someone who set up some type of entertainment, especially, in regards to musical performances. Later, an entrepreneur was defined as one who was responsible for organizing, managing, and assuming the risk of a business. The word entrepreneur was also used to identify a successful person.

Some people also think of the entrepreneur as somebody who is a "fast-buck artist" or somebody who gets rich quick. Others think of entrepreneurs as starters of small businesses, such as small traders, repair garages, body shops, and "Mom and Pop type" stores. However, large, well established organizations don't use the term entrepreneur; they use the term "Product Champion" to describe the person who is willing to take charge of the development or innovation of the product or service, usually, from start-up to production and marketing. [10]

During recent years the perception towards entrepreneurs has changed. It is attributed to the fact that American people have shown a passion for ownership. Others believe that this new perception towards entrepreneurship by the public is due to recent successes of companies such as: Federal Express Corporation, Apple Computer Inc., and several others, especially in the high tech industry, whose founders have become famous millionaires overnight.

In 1981, the Journal of Corporation Law published a survey focusing on the performance of the companies owned by employees. The survey found that employee-owned companies achieved an annual productivity rate of 1.5% higher than comparable businesses not owned by employees. "The passion for ownership is sweeping the country, touching every industry and every type of company." [11]

This new interest of ownership comes at a time when the perception of the general public towards entrepreneurs is changing. The result is that owners of small companies suddenly realize that they have something other people need to have desperately.

Many company owners agree to the fact that employee owned companies have a greater rate of productivity. Others believe that this is the only way to motivate people. Conway, a former vice-president and controller at Continental Airlines Corp., says: "Those who frown at the complexity of

doing things that make people enthusiastic are missing a bet." [12]

Today, entrepreneur is the buzzword. The following was quoted from the article by Steve Coll, "All Presidential hopefuls have tried to sell themselves to the entrepreneur. Jack Kemp is the first to market entrepreneurship to the rest of the country." [13]

Jack Kemp is being seriously considered by some Republicans as a possible candidate for a two-man race between Kemp and Vice-President George Bush for the Republican Party 1988 Presidential nomination. On January 18, 1985, Jack Kemp addressed some 50 or more businessmen and financiers at the famous and exclusive Bohemian Club in California. His speech to the attendees was centered on what he called "a new entrepreneurial era." Kemp is fascinated with entrepreneurs. His first entrepreneurial experience was with his father's small trucking business, "Not that he is against big business, but nonetheless, makes a lot of noise about the purity of his free market ideology." [14]

Dr. Michael S. Fey, secretary of the New Jersey Venture Association (N.J.N.A), comments about the improvement of the entrepreneurial spirit as being one of the contributing factors for the success of the organization and other factors as well, such as the increased layoffs of corporate executives in recent years. "These people have the know-how to make

money and are not afraid to take risks." [15]

Succeeding in the entrepreneurial spirit is Peter F. Drucker. He was born in Vienna in 1909 and moved to the U.S.A. as a young man. At present, Drucker lives in the San Gabriel Mountains of California most of the year and he also has a summer home in the Colorado Rockies.

Drucker has written 21 books which have been translated into 20 languages. His books have been sold by the millions throughout the world. He is considered the master teacher of modern management. Among his topics are management, economics, and political and social affairs. In his last book, Innovation and Entrepreneurship, published in 1985, Drucker mentions that entrepreneurship has different applications. Entrepreneur could be an individual, an organization, small business, big business, or government institution.

During the summer of 1985, Drucker was interviewed by Tom Ritchman of Inc.. During the interview Ritchman asked him to define "entrepreneur," and Drucker answered: "The definition is very old. It is somebody who endows resources with new wealth producing capacity; that's all." [16]

Drucker commented about business owners, and entrepreneurial business owners; they are not the same. There is a line that draws the difference between someone who owns a business and someone who is an entrepreneur. He states the

following: "The great majority of small businesses are incapable of innovation, partly because they don't have the resources, but a lot more because they don't have the ambition. I am not even talking about the corner cigar store. Look at the typical small business. It's grotesquely understaffed. It doesn't have either the resources or the cash flow. It may not be the boss holding on to the broom and sweeping the floors anymore, but he is not far away. He is basically fighting the daily battle. He doesn't have the background. The most successful of the young entrepreneurs today are people who have spent five to eight years in a big organization." [17]

There is a difference between an entrepreneur and a manager, says Drucker. There are some who are entrepreneurs but not managers, and there are managers who are not entrepreneurs. However, it is possible to see that some entrepreneurs are managers as well. In discussing Apple Computer and their founders, Wozniak and Jobs, and other high tech industries at Silicon Valley, as well as some of those at route 128, Drucker remarks: "they never got their noses rubbed in dirt. Success made them arrogant. They don't know the simple elements and are like an architect who doesn't know how one drives a nail or what a stud is." [18]

Steven Brandt, a Stanford Graduate School of Business professor and author of the book, Entrepreneurs in Established Companies, comments that entrepreneurs used to be

considered next in line to pirates and outlaws. Now, everybody wishes to be like one, for they represent role models in today's economy.

An entrepreneur was thought of generally, as being the one who wore a T-shirt, as the one who rolled the dice to make a decision and mortgaged his home. At present, entrepreneurs are different, not only in the Silicon Valley area but all over the United States. They represent a relatively professional class knowledgeable about cash flow, marketing channels and market segmentations. [19]

JoAnn Heanington and Roger W. Hutt identify the entrepreneur as the one who finds ways to develop new products or services or to innovate existing ones; they are innovative and creative. Entrepreneurs are also "persons who organize, manage or assume the risk of a business for the sake of a profit." [20]

George L. Bernstein, chief executive officer of Laven-thal & Horarth, a "Big Eight" accounting firm that has done extensive research into entrepreneurship, expressed the following: "When we think of the entrepreneur we think of someone whose enormous energies and personal pride are invested in the enterprise. This single-mindedness, this determination, are the keys to success." [21]

Government officials and educators have overlooked the

true necessities of the entrepreneurs. One of the reasons may be based on the general concept regarding the entrepreneur as being someone who is daring and willing to take risks. Curriculum and program planners find it difficult to teach daring or risk taking abilities in entrepreneuring courses. But, their attitudes towards education could change if we consider Timmon's definition on entrepreneurship given in his book, New Venture Creation: A Guide to Small Business Development. Timmon defines entrepreneurship as: "The process of planning and organizing a small business venture; the marshalling of people and resources to create, develop, and implement solutions to problems in order to meet people's needs." [22]

Entrepreneurship can only be taught if one follows Timmon's point of view regarding the individual entrepreneur as being a skilled marketer, a planner and an organizer. Peter F. Drucker states that entrepreneurship is not risky, but rather, it is a skill that can be taught and individuals can master it.

B. Intrapreneurs

The term intrapreneur and the concept of intrapreneurship is attributed to Gifford Pichot III. An intrapreneur is the employee who launches a venture inside an established company as though he or she were an entrepreneur.

Many agree that Pinchot's concepts may very well enter the business mainstream, along with "Excellence" and "Corporate Culture" found in modern management theory. The term "Excellence" encompasses the acquired management techniques and experiences obtained from the best-run companies in America. "Corporate Culture" enhances the values, goals, rituals and heroes that... characterize a company's style. These new terms may describe concepts that have been in existence, nevertheless, they provide a further understanding of entrepreneurship, not only in large enterprises, but in small businesses as well. [23]

Gifford Pinchot III is a 42 year old son of a Yale University professor of biochemistry. His grandfather Gifford Pinchot, is regarded as one of the foremost American conservativists. [24]

Pinchot III has always been kind of restless. When he was at Harvard University doing his undergraduate studies, he first tried physics and then economics. As a graduate student at John Hopkins University, he shifted from sociology to behavioral physiology. After leaving school he had a dairy farming business; then he was the owner of a small iron works business in upstate New York. While he was at iron works, Pinchot enrolled in the School for Entrepreneurs in Tarrytown, New York, which was not far from his home. At the School for Entrepreneurs, Pinchot met Bob Schwartz, the school's founder and principal teacher. While at the school,

Pinchot heard Bob Schwartz describing the personalities of entrepreneurs - "the high achievement drive, the balance between intuition and reason, the general disregard for money." [25] Pinchot finally understood his character, and realized that he himself was an entrepreneur.

In 1978, Pinchot heard Schwartz sketch out the opportunities of the future. Schwartz said: "One of the best ways would be to teach large businesses to harness the drive, determination and imagination of entrepreneurial revolution." [25] Upon hearing this idea, Pinchot sent a letter to Schwartz along with an outline detailing the basics of the concept. The outline also included a plan to turn the idea into a profitable operation.

Pinchot unsuccessfully tried to promote the idea. Schwartz wanted to help Pinchot and tested the idea with some of his clients. However, the concept never left the ground. Pinchot went to Sweden, where he studied and developed the concept more in depth. He returned to the U.S.A. in 1982. As of then, Pinchot has formed two companies: The New Directions Group which specializes in inventions for sale, and Pinchot & Co.; this latter company was founded in 1984 to promote intrapreneurship. Pinchot, founder and director of New Directions Group, has already more than 200 inventions to his credit. As president of Pinchot & Co. he has had the opportunity to be a consultant for some of the Fortune 500 companies, such as: Exxon, Xerox, AT&T and Tektronics.

Gifford Pinchot conducts seminars at \$350.00 per person a day. These seminars are designed to teach company employees about entrepreneurial success. Pinchot outlines the requirements for new projects to take place, and poses the questions that the employees should ask themselves; whether the venture they have in mind is suitable for them and for the company as well. Pinchot continues: "It's useful to have a mentor who believes in your idea enough to run interference for you." [27]

Throughout his seminar, Pinchot discusses the details employees need to know to become intrapreneurs, focuses on the requirements of the project proposal in mind, how to prepare it, and to whom it should be presented. Pinchot preaches that the company's environment must be structured so as to allow employees to go forward with their ideas.

Along with his term intrapreneurship, Pinchot uses the word intracapital to identify what is commonly known as discretionary resources. Discretionary resources are monies allocated by companies for employees to explore new ideas. He admits that entrepreneurs inside corporations, which he now terms as intrapreneurs, always existed. The same is true of intracapital or discretionary resources as it is commonly known. When asked if he was just packaging what was already going on, or just giving a couple of names on which to hang reality, Pinchot answered: "Well, first of all, giving you a couple of names to hang reality on may be a

useful service to society. If we can learn new ways to explain how innovation really works, then people will be able to do it better because they have a way of describing it." [28]

Pinchot argues that innovation in corporate America has always come from intrapreneurs who, as mentioned earlier, are the people who fulfill the role of the entrepreneur inside a larger organization. With intrapreneurship, Pinchot claims to have the answer to today's American companies' most pressing problems, such as: the need for fast development of new products for new markets, and the competition with the Japanese and European companies. The explosion of venture capital from 1977 to 1984 has been 100 times more, which indicates that employees are leaving companies to form their own businesses. Larger organizations are finding it more difficult everyday to keep talented people inside their company. Pinchot's philosophy is to tap this unused energy of the entrepreneur to fuel the growth of large established companies. [29]

Thomas M. Loarie, President of Novacor Medical Corp., Oakland, California comments on the article "Secrets of Intrapreneurship", published by Inc. in January 1985. Loarie is a little puzzled as to whether or not employees would accept to play the intrapreneurial role in their search for freedom, power and recognition. He argues that by limiting

intrapreneurship to one "maverick", on the other hand, could lead to low risk ventures or to an unacceptable failure rate. Loarie states the following: "I believe that Pinchot makes a mistake in tying down the number of "mavericks" allowable to the chief executive officer's span of control. If an organization is large enough, responsibility for intrapreneurship could be shared at several executive levels. Quasi-boards of directors combining both inside and outside experience could be formed and charged with responsibility for overseeing each venture, with insiders drawn from another CEO's office." [30]

Kitta MacPherson, in commenting about the excellent performance of American entrepreneurs and the ability of the American companies to innovate says the following about intrapreneurship: "The art of 'intrapreneurship' may sound fake in some respects. After all, encouraging innovation has always been the name of the game. So how can it be a new idea for corporations?" [31]

C. Product Champions

"The new idea either finds a champion or dies... no ordinary involvement with a new idea provides the energy required to cope with the indifference and resistance that major technological change provokes... Champions of new inventions display persistence and courage of heroic quality." (Edward Schenon, MIT) [32]

Pinchot conducted a study of companies on how to manage innovation. He found that many major corporations were willing to gamble with employees who were obsessed with the idea of seeing their pet projects become a reality. Pinchot believes that companies could apply this concept of intrapreneurship to retain employees, as well as to make money on projects that otherwise would have never been started. Recently, more companies appear to be more actively applying Pinchot's principles of intrapreneuring.

Corporate executives agree that innovation is what drives science, technology and economic growth to success. However, they feel that with these innovations and growth of organizations also comes the red tape. Many good ideas of passionate champions are often lost in the corporate structure. But all this may not be true anymore, companies from all over the U.S. are developing groups and allocating funds for the development of new ideas. More intrapreneurs will be taking on new projects in large organizations in the future. [33]

The corporate director of Personnel Resources at American Cyanamid Company in Wayne, New Jersey, R.J. Heptic, was interviewed in January 1986. During the interview he commented on entrepreneurs, intrapreneurs and product champions. Heptic felt American Cyanamid did not have anyone with that particular name, "intrapreneur," as other companies claim to have. The term is new, and if you ask an "intrapreneur" in

American Cyanamid about himself or about intrapreneurship, it may be that this "intrapreneur," as you have described, does not know that he is an intrapreneur himself. He explained that many large, and perhaps medium size companies, have individuals who have the characteristics and qualities of the described intrapreneur. These individuals run units for which they are 100 percent responsible, but in many cases, they may not know that they are intrapreneurs because the term is new to them.

While Heptic was speaking about entrepreneurs and intrapreneurs in American Cyanamid, he displayed the organizational charts of some of the company's divisions. Each of these was headed by an individual who was termed by American Cyanamid as "Product Champion." Heptic says that American Cyanamid Product Champions are responsible for absolutely everything in their respective unit. Some of them have started from conception of the product to production and marketing.

Heptic commented that the chemical area of American Cyanamid had established a new operating division which is called "New Venture Division for the Chemical Group." The Agricultural Area has had their Product Champions since two and a half years ago, and more and more is expected to be seen in the future. He added, names of groups and titles do not matter, or how active they are; what matters is the bottom line, dollars. [34]

Dr. J. Tait Elder, President of New Ventures Group, Allied-Signal Corporation, Morristown, New Jersey, was interviewed on January 9, 1986. Dr. Elder is a former head of the New Business Venture Division at 3M.

J. T. Elder's comments and ideas are quoted in the book In Search of Excellence, by Peters and Waterman.

During the two hours or so of the interview, Elder discussed "Product Champions," "Entrepreneurship," and "Corporate Venturing."

Regarding his phrase "We expect our champions to be irrational," Elder explains that this is when we are persistent at working or at doing things, even though, we know they are wrong. We may seem to be impartial to commodities, social life, and money to the extent that we give the impression that we are crazy, and, we do all this because we are persistent in accomplishing our goals. [35]

Creativity and initiation revolves around "Fired-up Champions" in order for innovation to take place, to grow, and flourish. Organizations and managers should be educated in such a way as to encourage these "fired-up champions" to come forward with their creativity even if it means indulging in a little madness. [36]

A. Business Owners

As stated earlier, innovation is the force that drives science, technology and economic growth to success. Pinchot's argument is that innovation in Corporate America has always come from intrapreneurs; that is, the entrepreneurs inside the organization.

The entrepreneur is characterized as being the one whose responsibility is that of creating and developing new enterprises. The entrepreneurs are the leading innovators of products and services. Through leadership and innovation, entrepreneurs take charge of implementation of new markets for new or existing products, or, for services useful to our society.

In his last book, Innovation and Entrepreneurship, Peter F. Drucker stated that an entrepreneur could be an individual, a small business, a big business, an organization, or a government institution. Drucker further states that business owners and entrepreneurial business are not the same. There is a definite line that distinguishes between someone who owns a business and someone who is an entrepreneur. Not everyone who owns a business can be called an entrepreneur. According to Drucker: "The great majority of small businesses are incapable of innovation, partly because they don't have the resources, but a lot more because they don't have the time nor the ambition." [37]

There are many businesses that cannot be characterized as entrepreneurial ventures because their owners do not possess the qualities attributed to an entrepreneur. Lack of innovation of their products or markets results in nonexpansion, and they find themselves stagnated in the same rut for years. Various inherited businesses, part time businesses, or just a business as a "hobby," are examples of non-entrepreneurial ventures. There have been some inherited businesses, however, that proved to be the exception and succeeded in their innovation, creativity and growth.

CHAPTER IV

BECOMING AN ENTREPRENEUR/INTRAPRENEUR

"Starting your own business takes guts and a desire to captain your own destiny. It also demands truthful answers to some uncomfortable questions." [38]

A. Advice from Entrepreneurs

The views of people about starting a business is different; their advice may be the most helpful for any one who has a business now, or is planning to have one. Some entrepreneurs start their businesses from scratch, others have chosen to buy an established business. Whichever their case may be, it is important to listen to what they have to say.

No entrepreneur says that succeeding, after you give in to the urge to start a business, is easy. In fact, those who have made it say that starting your own business takes more time and money than anyone could ever imagine, plus, the pain and suffering that goes along with it.

Kenneth J. Gerbino, who could be considered as the popular model of the average entrepreneur, is now 40 years old. He graduated from Ithaca College and received a MBA from

Syracuse University. After working for major corporations in finance and marketing he decided to start his own investment-advisory company, and he did. Gerbino started in a one-room \$90.00 a week office in Los Angeles, California.

He started with two clients for whom he managed about \$100,000. Today, he has eight employees and offices in a secluded location in Beverly Hills, and manages a total of \$35 million for 175 clients.

When it comes to entrepreneurship, he advises entrepreneurial novices not to worry if they don't have all the start-up capital they would like. The important thing is to invest time and not money; starting your business with excessive capital is the biggest mistake you can make. You need to gain experience early on, so that you will be equipped to deal with problems that come with later growth.

Being aware of the environment is important. Be ready for changes, be able to bounce back from mistakes. A quality all entrepreneurs must have is awareness. If you realize that you have made a mistake, change something, your business, your product, your personnel or yourself, if necessary.

Gerbino's advice to individuals considering entering business is to test themselves, their willingness and ability to take those steps before going any further. Entrepreneurship offers many advantages and rewards, such as

freedom and challenge, as well as other incentives for your efforts. [39]

Stanley Hazlewood, the president of a Dallas firm that seeks buyers for smaller companies, claims that one of the most serious decisions an individual can make in his or her life is, with no doubt, the one to have his/her own business. The things you wish to accomplish or want to have by owning a business may turn out to be the most adverse. Those who didn't make it are not interested in telling their stories and why they failed; you do not hear much about them. "The American dream has turned into a nightmare. They no longer own their businesses, the business owns them." [40]

Stanley Pinder, 47 year old founder and president of Custom Compactors Corp., located in Tampa, Florida, has 50 employees. His annual sales are over \$3 million. Pinder started his company with \$500 borrowed on his 1953 Kaiser automobile. "Knowing your capabilities is important, and more than anything being truthful to yourself; a self analysis of your personality, the things you can do, and the ones you cannot do, should be separated. Hire people to do the things you cannot do." [41]

Pinder says the following to those who are contemplating an entrepreneurial career: "When you decide to start a business, you are sort of a one-man band. As you fill out your band, you are no longer a musician but an orchestrator and/or

a band leader. If you really are a bass drummer, the next big decision you are going to have to make is whether you want someone else to lead the band while you play the bass drum." [42]

Other recommendations to those planning to start a business are: time should be spent with pencil and paper doing a rudimentary business plan about what you are trying to do. Write your idea down, your goals and how you are going to accomplish them. Individuals who cannot sit down and write down a plan indicate that they cannot do the elementary beginning. Therefore, they should not go any further.

Joy Fisk, 44 years old, is the founder of "My Favorite Things," a company that specializes in shipping potpourris to thousands of customers. She enjoyed the business when it was small because then she was able to use more of her creative talent. Now that the business is growing it is more demanding and requires more administrative expertise.

Sometimes, knowing exactly what is ahead of you might not be the best thing for a person going into business. Fisk advises: "It is like you can't possibly wait until all the lights turn green before you start across town. You take them one at the time. If I had known of the problems ahead, I would have been scared to death." [43]

Having your own business is not hobby time or hobby money; you have to have your goals very well set and be committed to stick to them. The time it takes in learning the skills to run your own business, and the capital you require to pay the price for this time is greater than expected. [44]

Adriene Zoble, 45 years old, is the senior partner of an advertising agency she founded in Bridgewater, New Jersey. Before Zoble started her own business she had the opportunity to work for much larger companies. Her decision to become an entrepreneur was due to a lay-off from her place of employment. Because of her sudden decision to try on her own she did not have the opportunity to do research.

Zoble comments that working for a large business does not help with the experience required to run your own business. With no doubt, you may have a lot of responsibility on your shoulders when you work for a big company, but you get your pay check every week whether you produce or not. The scenario when you have your own business is different. You have to worry about clients paying on time and meeting the payroll for everyone else. Adriane Zoble does not see any experience that she acquired while working for larger organizations as being transferrable to her small business. [45]

Jerry Bartos, is 53 years old and started his company 21 years ago in Dallas, Texas. His company makes high-tech air purifiers. His advice to people planning to have their own

business is on the importance of employees. Bartos says: "You must be fair to them, don't make promises that you cannot meet, respect them and be fair to them." [46]

Another entrepreneur, Robert J. Rudolph, 36, gave up his job as a circulation branch office manager for the New York Times, and bought a small company that handles calls to toll-free 800 numbers. The name of his company is "Call Center Services," and is located in Cresskill, New Jersey. At present the company has 195 employees, and \$4.5 million in annual sales.

Rudolph's advice to those considering entrepreneurship is that they should test themselves for their skills in several roles. An entrepreneur should be a planner, organizer, a problem solver, and above all, the entrepreneur should be able to manage people. Self motivation is a must, but not enough. Perhaps more important than that is being able to motivate others. [47]

Determination and hard work are the key characteristics that lead entrepreneurs to success. However, sometimes these personal attributes that are so valuable may lead to failure as well, points out George L. Bernstein of Laventhal & Howarth. Bernstein says: "When we think of the entrepreneur we think of someone whose enormous energies and personal pride are invested in the enterprise. This determination, this single-mindedness, are the keys to success. At the same

time they could be the seeds of failure - the great sense of personal ownership can lead to a sense of exclusion on the part of the employees; and single-minded determination can lead to such an inward focus that external opportunities are lost." [48]

There are entrepreneurs who complain of not being able to find employees capable of assuming responsibility. Bernstein attributes this fact, not to the shortage of employees, but to the entrepreneur's inability to delegate authority. Entrepreneurs are obsessed with wanting to control every detail of their business.

Many entrepreneurs are too fast in making decisions. Some of them start their businesses without having a sound idea of what they are really getting into. Bernstein suggests that entrepreneurs should have their objectives very well defined on the idea they have in mind before they start getting into any business. Individuals planning to be on their own should first learn as much as they can about resources and opportunities that go beyond the hands-on experience of any one individual. [49]

Hy Shwiel, partner in charge of an emerging business practice in New York of Ernst & Whinney, the international accounting firm, says that starting your own business may be the most serious decision anyone could do in his or her life. This may sound like a warning, in fact, it is a warning! If

you are not sure of yourself and of the business you are planning to embark on, don't start. If you start your business because you want to have freedom, want to do what pleases you in your job, looking for self-fulfillment, or because your neighbor did it you could do it too, you are in for big surprises. You do not get freedom by having your own business, and you cannot do what you want in your business. In fact, you work longer hours and you are always concerned about your customers, employees, and a lot other people that you need in order to make your business function. The reasons cited above are the popular ones for wanting to start a business, but, unfortunately, are the wrong ones. They may be good reasons for finding another job, preferably, one that rewards initiative and self-reliance.

Some people think that they cannot fail in business based on the mouse trap theory. Mouse trap people usually rely on what they see or hear. They may like to follow the steps of those who became giants by starting their businesses in their garages such as Apple Computer, Hewlett-Packard and many others. The media is filled with their findings on stories about people launching a business one day and becoming millionaires the next day.

People who want to become entrepreneurs have to remember that for every Apple Computer - type success stories, there are 1,000 failure stories. You don't hear much about them. [50]

Anyone who is thinking about becoming an entrepreneur should address two basic questions: (1) Why do I want to become an entrepreneur? Once you have decided to become an entrepreneur because of good and sound reasons, then, the next question should be: (2) How do I go about doing it in the most efficient and effective way?

The correct motive for taking this step is profit. It is as simple as it is written. The possibility of making money is the ultimate justification for incurring the mental, physical, emotional and financial burdens of starting or acquiring a business.

"In making the decision to pay the costs involved in starting your own business, you are demonstrating that you have the most elementary thing required ... guts." [51]

Michael Rosenberg, a registered pharmacist with a background in chemistry, decided to start manufacturing a women's shaving cream (Peau de Soie) in 1967, from a formula he had bought several years ago for a few thousand dollars. Although he had some success at the beginning, part time efforts were not enough. He and his partner, Walter Rockland, decided to go full time in the venture. The beginning was slow. Heavy distribution on the product started only two years ago. Rosenberg states: "The odds against success with a new product are enormous. It takes stamina. There are pitfalls. I avoided hundreds of them and yet I still fell into

several big ones." [52]

Hy Shwiel remarks about the priorities would-be entrepreneurs should consider before they start anything. He says: "You must be sure of yourself, and you must have a plan as to what you are going to do." Shwiel continues: "...David Ogilvy recalls that during his first 20 years in business he would wake up every morning with a knot in his stomach and think to himself that this was the day when his business was going to be blown away." [50]

Regardless of the type of business you go to, or what your background is, life circumstances may play a major role in your decisions to start a business, but they will definitely determine a minor role in the possibility of your success or failure. Most people who start their own businesses have faced the following realizations:

- "I can't find a job I like.
- I want to be my own boss more than anything else.
- I want more money for necessities and luxuries than I can make at a fixed wage.
- I've helped someone else make money for years-now it's my turn.
- I want to avoid being laid off or fired or passed over for promotion because of my politics.
- No one will give me the chance to prove myself because of my background, so I'll have to do it on my own.
- I come from a family of small business owners-it's in

my genes!

- My idea can't miss, and I want to put it together myself before someone else thinks of it." [54]

For sure you want to become an entrepreneur, and you may have many reasons for wanting to become one. Now, the big question is, do you have the aptitudes? Hy Shwiel outlines "A Quiz for Would-Be Entrepreneurs" from the book Making It On Your Own, by S. Norman Feingold and Leonard G. Perlman.

The following quiz is designed to help individuals in deciding for themselves whether they possess the aptitudes required to start their own business:

- "Are you a self starter?
- Do you have a positive, friendly interest in others?
- Are you a leader?
- Can you handle responsibility?
- Are you a good organizer?
- Are you prepared to put in long hours?
- Do you make up your mind quickly?
- Can people rely on you?
- Are you capable of running all day and all night?
- Can you withstand reversals without quitting?
- Can you adapt to changing situations?" [55]

Most likely, not everyone who is planning to become an entrepreneur possesses all the qualities required. But, if you are planning to have your own business, you must, at

least, have some of the characteristics, and more than anything, you must be willing and ready to learn or to adapt to the qualities you don't have.

Attend conferences and lectures on aspects related to your business. Experts on business management have tips generated from their years of experience. Read books and articles that will keep you updated with the latest developments in your field. "Your reasons for starting an enterprise are not important, say the experts; the qualities you bring to it are." [56]

B. Education and Training - Entrepreneurs

Can you learn to be an entrepreneur?

"Almost all the conventional wisdom about entrepreneurship, says Peter Drucker, is dead wrong. Entrepreneurship is nothing more than a discipline, it can be learned." [57]

Drucker's view towards entrepreneurship is that individuals can learn to be entrepreneurs. The skills required can be learned at work; management expertise is very valuable. Drucker claims that his books will teach individuals how to become entrepreneurs. He adds, entrepreneurship is not risky if you know what you are doing. It is risky mainly because most entrepreneurs start their businesses without knowledge about what it takes to run your own business. Drucker suggests that individuals who are planning to be

entrepreneurs should read books, go to schools, talk to other entrepreneurs, and before they start anything, they must be able to draw a plan about the type of business they have in mind. [58]

Jack Friedman, an entrepreneur and university instructor, comments about the interests of students regarding entrepreneurship. Students are not interested in stories of other people. He suggests that instead of telling them how other people made it, or the requirements that these people had to start their business, students need to be taught how to figure out things for themselves.

Friedman says that once he had to reschedule a class because of conflicting events. American Telephone and Telegraph Co. was sponsoring a party and all the students wanted to go. Friedman believes that new MBAs are more interested in finding a job with a new company than becoming entrepreneurs. [59]

Rosetta and Herbert Wingo believe that the skills in management, marketing, and many others outlined in books are important for the entrepreneurs to succeed, but more important than that is the willingness of the entrepreneur to get ahead. The success of the entrepreneur is based on the degree the entrepreneur values success or failure. Entrepreneurs are successful due to their willingness to make all reasonable personal sacrifices to transform the dream into a

business reality. Their discipline, determination, dedication and desire, along with their commitment to excellence, are the elements that drive entrepreneurs to success. When the entrepreneur fails on his or her endeavors it is because the entrepreneurial fire that started it all has been extinguished, rather than by the lack of business knowledge. [60]

Karl Vesper, chairman of the management department at the University of Washington's School of Business and a pioneer in entrepreneurial education, is skeptic about the results of entrepreneurial education. At present, 250 institutions are offering courses in entrepreneurship, as compared to 16 in 1970. A typical course offered by one of these schools requires reading of case studies. The student is asked to conceive a new venture and write a business plan. However, that alone cannot inculcate the creativity, the stamina, and the challenges that characterize the entrepreneur. Vesper says that the essence of entrepreneurship is being able to spot niches, and taking risks which cannot be taught. In referring to this new course boom for entrepreneurs, Vesper shows some skepticism on the effectiveness of said course on entrepreneurial skills. He states: "I question whether you can take a raw recruit and turn that person into an entrepreneur." [61]

Margaret A. Zeleinko, a former supervisor of Marketing and Distributive Education for the West Virginia State Department of Education, believes that one of the reasons why

entrepreneurial education has been somehow neglected is because of the popular concept about the individual entrepreneur as being a bold, daring person willing to take risks. Zeleinko continues, educational program planners find it difficult to implement and teach daring or risk taking skills in the curriculum.

It is time to change the popular concept about the individual entrepreneur as being a risk taker. Ralph Waldo Emerson once said that all it takes to start a business is to have a sound idea or a good strong product. Emerson pointed out the following: "If a man can make a better mouse trap than his neighbor, though he builds his house in the woods, the world will beat a path to his door." [62]

Great ideas or great products may never leave the ground without the presence of the skilled marketer. Many innovative ideas have died at the site of their creation because the innovator was not able to skillfully sell it to the public. Zeleinko, in reply to the weakness of Emerson's statement, quotes what someone else said: "The manufacturer that waits in the woods for the world to beat a path to his door is a great optimist, 'he said', but the manufacturer who shows his mouse trap to the world keeps the smoke coming out of his chimney." [63]

Regardless of how innovative the idea or product is, it will die if the entrepreneur is not able to present it to the

consumer. The entrepreneur must be a skilled marketer. Also, he or she must be able to bring the idea successfully to venture capitalists and financial institutions for economic assistance.

Let's consider Timmon's definition of entrepreneurship as it relates to business education. "Entrepreneurship is the process of planning and organizing a small business venture; the marshalling of people and resources to create, develop, and implement solutions to problems to meet people's needs." [64]

Peter Drucker mentioned that small businesses are incapable of innovating, meaning that they are incapable of being intrapreneurial businesses, because they do not want to, or because they do not have the capability to do it. Drucker is 100 percent pro-education. He believes that entrepreneurship is like any other school subject that can be taught and be learned.

Zelevinko comments on Timmon's definition and its implications: "Though we may not be able to teach risk taking or daring, we can teach people how to minimize risks. Marketing skills can be taught and are taught very well at both secondary and postsecondary levels." [65]

Many planning and organization concepts are already incorporated and taught in existing programs. Zelevinko cites

the following:

- "Basic Economic Concepts
- Readiness to Become an Entrepreneur
- Developing the Business Plan
- Financing the Operation
- Location Decisions
- Forms of business
- Management Techniques
- Managing Human Resources
- Recordkeeping Systems
- Local Issues
- Promoting the Business
- Marketing Strategies
- Credit and Collection" [66]

These have been identified as important requirements entrepreneurs should know for the success of their small business. Zeleinko's argument regarding this matter is that all the above concepts are already in existing programs and taught very well in secondary schools, and in postsecondary levels, but not in the context of owning one's business.

Zeleinko adds, entrepreneurial education is way behind existing requirements. Educators themselves should be entrepreneurs. They should be able to sell the idea to local education agencies, as well as to local communities, in order to provide students with educational subjects closely related to the requirements of a business owner. [67]

Nim Quist, owner of the Quist Typewriter Company in Troy, Michigan says: "Thank God for an education, but I surely could have used more in the right direction." [68] Education should include instilling the qualities in each student that lead to success - motivation and the use of common sense. Schools need to teach an understanding of the free enterprise system along with related business skills. Quist recalls how he went from job to job as a young boy. In 1933 he became a salesman, later he started his own office equipment dealership in the Detroit area. At present, his office equipment business is considered to be the largest single business of this kind in the world. When Quist first started, his business grew rapidly larger in a few years. This is when Quist realized that his prior formal education was not adequate for his needs to run the business. Quist suggests that everyone who is planning to start his or her own business should know the following:

- (1) **Shorthand:** This is not a girl's subject, it becomes very handy when you are at meetings, lectures and presentations.
- (2) **Typing:** It is a necessary subject; helps you think faster and correctly. It forces accuracy and correct spelling.
- (3) **Bookkeeping:** No one can run a business unless he/she knows some bookkeeping. A course in bookkeeping

will help you to understand profit and loss statements, entries, balancing, and other general record keeping practices.

(4) Advertising: Have an idea of what this is all about. Know how to enlighten features of your products by the use of pictures and letters.

(5) Common sense: This is probably the hardest thing to develop, you cannot take a course in common sense. This personal characteristic starts at home at an early age. [69]

Education is the largest single investment made in this country in its various forms. Entrepreneurial education should be taught in such a way as to motivate students, and show them opportunities available in entrepreneurial life. Educational curriculum should be designed to meet the important needs of entrepreneurs. As Margaret A. Zeleinko pointed out, entrepreneurial education should be geared to teach students the context of owning one's own small business and the teachers should be entrepreneurs. [70]

C. Education and Training - Intrapreneurs

As mentioned earlier in this research, the term "intrapreneur" and the concept of "intrapreneurship" are attributed to Gifford Pinchot III. Pinchot's concept is to teach

companies how to retain talented employees and also to make money on projects that otherwise would have never been started. Pinchot states: " Intrapreneurship is the method of using the entrepreneurial spirit where many of our best people and resources are - in large organizations." [71]

Pinchot believes to have the answer with "intrapreneurship" to today's American companies most pressing problems, such as the need for fast development of new products or services. The explosion of venture capital in recent years has been an incentive for employees to leave the employing companies in order to start their own business. Pinchot's philosophy is to tap unused energy of the entrepreneur to fuel the growth of established businesses.

Intrapreneurship is geared for large organizations. The philosophy of Pinchot is to teach corporations, managers, and employees how to innovate effectively and efficiently. Pinchot believes that large corporations must be able to innovate to keep pace with present fast technology changes and to compete with domestic and world markets. At the same time, Pinchot's philosophy will teach organizations how to retain employees that otherwise would opt to leaving the company to start their own venture.

Pinchot's \$350 per person-per day seminars are designed to outline the methods employees should follow to find out whether the venture they have in mind is suitable for

the company. He describes the importance of managers' thinking towards success, failure, and the meaning of innovation. He also outlines how to prepare the proposal of the idea in mind, and to whom it should be presented. Pinchot states: "It is useful to have a mentor who believes in your product enough to run interference for you." [72] With his idea of "intrapreneurship" Pinchot has already had the opportunity to be a consultant for some of the Fortune 500, such as Exxon, Xerox, AT&T and Tektronix. [73]

In order for innovation to take place in a large organization, there are some ingredients that must be present. Peters and Waterman, in their book, In Search of Excellence, identify three main ingredients or roles: (1) the product champion, (2) the executive champion, and (3) the godfather. The individuals that supply the ingredients are a number of players and each performs a role to push the innovation forward. The technical innovator or the inventor is intentionally left out because the initial work or idea is not considered as the principal variable for innovation to take place. The constraint on innovation is attributed to the absence of the product champion and the godfather, but mostly, to the absence of the executive champion and the godfather.

The product champion is a fanatic in the ranks of a corporation. He is a fanatic believer in the success of the product or service, and he is characterized as not being the typical administrative type. "He is apt to be a loner,

egotistical and cranky." [74] The executive champion is an individual who may be an ex-product champion. He knows the process and what it takes to bring a potential practical idea and put it to work to fruition. The godfather is typically someone who has been a leader with a company for a long time. He provides the role model for championing the product or service. [75]

Some companies are rapidly becoming involved in intrapreneurial education. Warner-Lambert of Morris Plains, New Jersey, issued an executive memo throughout different divisions and departments of the company, regarding the creation of five task forces to analyze solutions of "barriers to growth" which is believed to exist within the company. Jim Wavle, President of the Park-Davis Group, a division of Warner-Lambert, said that the fundamental solution to encourage intrapreneurship within the company is to modify the behavior of managers and employees as it pertains to innovation, creativity and intrapreneurship. In order to facilitate the modification of the behavior of managers at all levels, the following should take place:

- (1) Develop a vision of what the company and its employees should be doing.
- (2) Communicate this vision to all employees.
- (3) Allow ownership of that vision to develop.
- (4) Reward behavior as it takes place. [76]

Executives at American Cyanamid, Wayne, New Jersey,

re-valuated the firm's environment in terms of innovation two years ago. To improve things, Goerge J. Sella, its chief executive officer, created an internal venture capital fund. The one million dollar pool is available to division presidents each year, allowing them to pursue an idea they otherwise might not have the money in their operating budgets to pursue. [77]

Employers should try as many ideas as they can. It should be clear that not all of the ideas tried are going to succeed, but the more ideas that are put into practice, the better the chances are that one of them will succeed. Also, organizations should learn to create a suitable environment for employees to step forward with their ideas. The employee will go forward with the idea, not because of some good feeling about it, but because the institution of employment has a history of supporting new concepts which leads the enterprise to success. In order for the idea to start and flourish it cannot be a "one-man show." The role players must depend on each other and combine their efforts in order for the idea to grow and succeed.

CHAPTER V

BUSINESS VENTURES

"If one advances confidently in the direction of his dreams and endeavors to live the life which he has imagined, he will meet with success unexpected in common hours." Thoreau

A. Case Studies

"Entrepreneurial ventures have been started by people with ideas, information and entrepreneurial inspiration to run a business." [78] Business owners are comprised from all walks of life; many with impressive educational backgrounds and experiences in the business field. Others have only a burning desire to take on an idea, and develop its growth beyond the obvious by using good business sense. There have been many individuals who have undertaken the plight of becoming a business owner. The following case studies depict individuals who have become successful in their ventures at least at one point and time in their life.

"Ascent To the Top," by Patricia W. Hamilton, is a case about Yvan Chovinard, president of the Lost Arrow Corporation, Ventura, California. Lost Arrow Corporation was known as the Great Pacific Iron Works until July 1984.

Yvan Chovinard has been climbing since he was 16 years

old; today he is regarded as one of the world's foremost climbers. He began making equipment in 1958. His tools were a small coal forge, an anvil, some hammers and tongs, two or three books and he taught himself blacksmithing. These tools were portable and enabled him to carry them in his station wagon. Chovinard made the equipment at the climbing areas, and sold them directly to other climbers.

Chovinard traveled up and down from one climbing area to another selling his gear and making a modest living. This nomadic existence continued for several years until he was drafted for a two year stint in the army in 1962. Then, in 1966, he set up a small shop in Ventura, California. The business was known as Chovinard Equipment Co. and later was renamed The Great Pacific Iron Works. It had only a few thousand dollars in sales that first year.

In 1972 the company issued its first complete catalog, which has since become a collector's item among mountaineering aficionados. A statement on the first page of the catalog, signed by Chovinard, sums up the company's design philosophy, "We don't follow fashion, we create essentials.. We still test our clothes by going out in them ourselves and by putting them on our friends." [79]

At present, the company has two subsidiaries: Chovinard Equipment Ltd., which makes alpine hardware, and Patagonia, a division which specializes in active sportware. The company

has 200 employees, and sales over \$25 million a year. [80]

The following case is about Graham Davidson, president of Agrow Nautics Inc.. Davidson left his six year old company which he had founded in New York after quitting the investment counseling firm of Scudder, Stevens & Clark. One day, in the mid '70's, Graham Davidson decided to move with his wife and three daughters to Sailsburg, Connecticut with no clear goal insight.

Davidson never had in mind that one day he'd make a fortune growing lettuce. He moved away from a congested city to be able to have a quieter life and maybe farm as a hobby. He and his wife were always attracted to farming. When Davidson was in Sailsburg, he considered farming as one of his regular occupations because of the possibility of making money, and also because he liked doing it. After a careful market study, Graham Davidson found out that a good market for lettuce was a possibility.

Davidson admits that every process of his business took longer than what he expected. Davidson says, "If I would have known it was going to be that hard, I would have never started." [81]

At present, Graham Davidson's company "Agrow Nautics Inc.," has a facility in Connecticut, Hopewell Junction, New York, and will soon open another one near Danville,

Pennsylvania. The company has 36 full time employess at the two sites. Total production came to 600,000 heads of lettuce in 1984, with sales of more than one million dollars. [82]

William Rebane is the president of the Shooting Ranch, a combination movie lot and resort complex set in the woods around Gleason, Wisconsin. Rebane went into the movie business by accident. He started working on odd jobs in filmmaking, in the mid - 1950's in Chicago and he recalls working in every aspect of the job, from mailboy to film director, and a range of other jobs in between.

Rebane had his ups and downs in the movie business. He traveled frequently and met a lot of people in Europe, Canada and in the U.S.. There were times when he thought he was doing well, but each time his hopes were high, something happened and things went wrong. At the end of the 60's William Rebane decided to get out of the movie business and retire for good. While on his way to Canada, where he was planning to spend his golden years, Rebane stopped for a few days in Wisconsin. During his short visit he fell in love with the open land and endless forests of Wisconsin, bought a piece of land there and opened a tavern. He intended to stay retired. A few months later, employers of a local insurance company asked him to direct a half hour film based on safety. The film won several awards, including one from the safety council. Within the next five years, Rebane had directed several films geared for industrial safety. In 1972 he

got the bug to make features again, and began producing the low budget independent movies that have won him his reputation. One of the first movies, Invasion From Inner Earth, was produced for \$40,000 and has so far grossed over \$500,000. Another of his movies "The Giant Spider Invasion", considered a classic among monster movies, was made for \$375,000 and to date, has earned more than \$14 million.

In 1982, Rebane decided to expand from one small soundstage built for The Giant Spider Invasion, and began the development of the Shooting Ranch, a facility that would not only have all the needs to produce his own films, but which could also be rented to film crews on location. In addition to its production and post-production facilities, The Shooting Ranch, offers guest apartments, a restaurant and recreation to visiting crews. Together with his partner, a Belgian investor, Rebane has raised almost \$25 million to complete the project.

Rebane's business, The Shooting Ranch, competes with Hollywood, Astoria Studios in New York, and with the huge Dallas Communications complex in Texas. Rebane, who is an old timer in the filmmaking business, knows that "The Shooting Ranch" offers, not only pleasant surroundings, but also first rate production facilities.

William Rebane expects his company to gross somewhere between \$2.5 and \$3 million this year. He attributes the

success of his business to his passion for making movies. Rebane remarks that nothing was easy when he was starting this venture. There were many times he felt frustrated but this type of business was allowing him to do the things that he always wanted to do. It was that motivation which helped him to go through with his ideas and to solve the problems. Rebane's experience and knowledge with movie making people was a major factor in making decisions on what, and what not to have in his movie making complex. [83]

Following in the spirit of entrepreneurship is Peter Jenson, who runs the largest tour operation in the entire Amazon jungle. He owns a company called, Explorama Tours. Jenson's business books an average of 750 tourists per month and has 70 employees.

Twenty years ago Peter Jenson arrived in Peru. He was then a young anthropologist who went to Peru for the wonders of the Andes and the Peruvian jungle. Jenson himself doesn't know how the idea came about to take tourists into the wild jungle. He didn't have any business background and did not know about tourism. Although he had only planned to run the business for a few years, Jenson kept trying new ideas and pioneering the tourism business in the Amazon jungle.

At present, the clientele of Explorama Tours is diversified. Some are serious scientists exploring what the jungle offers such as: birds, animals, trees, plants, minerals...etc.

Others may go for the fun of being in an unusual place; some may be young tourists, and others may be retired people who never had the opportunity to travel.

The major contributing factor to the success of Peter Jenson is his ability to deal with the necessities of each tourist, as well as his ability to organize the very complex needs of each tour group, from their arrival in Lima, Peru, to the jungle. No significant personal casualties have ever been reported. For advertising, Jenson relies on word of mouth. Everyone who has visited the jungle through "Eplorama Tours" has left immensely satisfied. [84]

Larry Borses started his company, Metro Business Archives, in Los Angeles about 12 years ago. At the beginning he didn't have a specific direction regarding his idea. Borses' idea was to keep records and files of companies but, he didn't know how to start or to whom he should offer these types of services. He contacted a few companies by telephone and by knocking on their doors. Borses could not find a single customer. He started narrowing the possibilities by asking himself who or what company generates a lot of records and, at the same time, would wish to keep them for a long period of time.

When Larry Borses started his business, his only tools were a worn out phone book, and a brochure illustrating drawings, since he could not afford photographs. After

several months Borses was able to sign up a few businesses. A main reason for Borses' success was that he offered services no one else was doing such as: 7 days a week-24 hour service. Larry Borses' sales team is on the telephone most of the time, not only getting new customers, but also making sure that everything is being done as requested by the customer, or seeing if any further assistance is required. The company's revenue for the year 1984 was over \$4 million. [85]

Randy Bagwell, Frank Mims and Myrna Creamer sell merchandise at the Holiday Inn's Flea Market in Atlanta, Georgia. The three merchants work under the same roof. They have a few things in common like: not too much inventory, sharing the same type of customers and plenty of exposure. They differ on the items they merchandise and on how each one came into this type of business.

Randy Bagwell sells knives. Before starting this business, he used to collect knives which were bought from different places, catalogs and stores, for a hobby. Randy kept all of the ones he liked and sold the others to neighbors. Then one day he was laidoff and did not have luck finding a job. That is when he decided to go into business for himself. At present, he has a regular list of wholesalers, particularly, Blue Ridge Knives from whom he gets 60% of his merchandise.

During his interview with Penny Kron of Selling Direct,

he talks with excitement about his business, his comfortable income, his new kind of experiences, and especially, about personal satisfactions and freedom. [86]

Frank Mims, another entrepreneur, sells at the Holiday Inn's Flea Market whatever he can find to sell: clothes, chinese stars, pens, pencils, hats, etc.... Mims speaks about his business with enthusiasm. Patience, and his every day tenacity is what makes succeed. "Flea Markets are a strange business. Things that are not sold in a year are sold in a single hour; and yet there are days when nobody comes to buy a thing." [87]

Myrna Creamer, also interviewed by Penny Kron of Selling Direct, discusses her every day excitement about the business. She not only talks about what she sells, but also, about her good feelings in being at the flea market. Myrna relocated her tool store, Don's Discount Tools, from a nearby shopping center to the flea market at the Holiday Inn in Atlanta. She explains that some of the reasons she is doing so well at this place are the low overhead cost (low rent), and the fact that more and more people go to the flea markets every day looking for good prices. [88]

In keeping with the above cases of entrepreneurial ventures, Richard Eisenberg also identifies eight current economic developments obtained from interviews conducted with some venture capitalists, entrepreneurs, industry analysts,

business consultants and business professors. Eisenberg lists the following economic developments:

- 1.- The Wiring of America
- 2.- Excercisemania
- 3.- Helping Young and Old
- 4.- The Productivity Quest
- 5.- The Trade Deficit
- 6.- Geomoney
- 7.- Unbundling Business
- 8.- Market Lists

The Wiring of America.- People have taken advantage of the breakup of AT&T which has created a great number of opportunities for entrepreneurs. One is Tom Bernstein, who at the age of 23 started Corporate Telecomm, in Los Angeles, California. The company counsels businesses on the type of phone services needed, then sells and installs the necessary equipment. Bernstein's education on the company's field was done by picking up books from trash cans thrown out by Pacific Bell. Todd Bernstein read the books and decided to start his company. That was in 1980. Today his company is worth about 1 million dollars. [89]

Excercisemania.- The latest craze offers opportunities available in exercise equipment that entrepreneurs can provide to the public. Americans spent \$900 million in 1984 to keep in shape; 33 percent more than in 1983, according to Smart Inc., a Wilton, Connecticut market research firm. [90]

David Smith was one entrepreneur taking advantage. He started a business with his savings of \$5,000, plus \$10,000 borrowed. Smith, working out of his basement, started to manufacture, from scratch, rowing machines for home exercise. During the first year there was nothing but long hours of hard work and no money. He was forced to go to his mother's home to eat because he did not have any money. After a few years of struggling, his company grew. In June 1984 Smith sold the company to Dart & Kraft. Smith still runs the division, which at present has 175 employees on staff and \$30 million sales per year. He is now 38 years old, and has a net worth of 7 1/2 million dollars. [91]

Helping Young and Old.- Big business may be generated just by looking at the necessities of the young and the old. The following statistic provides evidence: "About 1800 companies provide child care assistance vs. 600 in 1982, and the trend seems sure to continue." [92]

Health care and child care centers are said not to be big money makers until they franchise or expand. Edward Grand has taken advantage of this opportunity. At present, he is the president of Health Force, a Long Island based franchisor. Grand's net worth is \$7 million. [93]

The Productivity Quest.- Today, more than ever before, corporations are concerned with productivity, demanding more efficient and productive employees.

Hyrum Smith, formerly a computer company executive started his own company in 1983. His company Franklin Institute based in Salt Lake City, runs seminars in time management. His success may be measured by his \$1.2 million dollar net worth, which is approximately 20 times more than when he started. [94]

The Trade Deficit.- The U.S. trade deficit has a record of \$ 150 billion. The U.S. Department of Commerce estimates that, while exports languish, revenues from imports will grow a robust 13% a year. Even if the dollar weakens, imports will remain strong because of low labor costs overseas. Richard Eisenberg, in speaking about the many new business opportunities, says that this is the best time for individuals to start companies to import industrial goods, such as electronics or machine parts. [95]

Geomoney.- The demand for small and large companies with financial expertise in international events is greater everyday. "Today, 33.5 billion in foreign currencies is traded daily in the U.S., compared with \$ 18 billion in 1980. A top trader can earn as much as \$ 1 million a year in combined salary, commissions and bonuses equal to 10 times his or her salary." [96]

Unbundling Business.- As corporations grow larger they need to restructure their specialized areas and allow other smaller companies to run these specialized areas more

efficiently. These areas may be designing, employee training, relocation, and company executive hiring. [97]

Todd Dorn took advantage of this. He formed Don & Co., in Encino, California, which handles office relocation and expansion chores primarily for small and medium size firms in the Los Angeles area. Dorn started this business in 1984, after leaving his \$ 50,000 a year salary. His initial investment was \$15,000 and his present net worth is over \$1 million. [98]

Making Lists.- In today's economy, there is a need for readily available information which is important for business decision making. Businesses pay large sums for information on consumers. In 1984 research was done on information service companies. About 1300 companies were providing electronic data bases as compared with about 200 in 1979. The need for information is expected to grow larger and larger every year. [99]

Jack Bickert saw this idea and decided to form his company, National Demographics & Lifestyles, in Denver, Colorado. At present, his company contains data on many Americans, including their names and addresses and personal interests. Bickert gets the information from questionnaires that manufacturers distribute with their products. Sales rose over 60 percent last year. Bickert, at 54 years old, has a net worth of over a million dollars. [100]

The case study of Diana and Steve Gorin are also examples of success. Steve 33, and Diana 32 started an ice cream shop in Atlanta, Georgia four years ago. They bought the place with Steven's savings of \$25,000 and his father's loan of \$20,000. The start was very slow; no more than \$70.00 a day. Diana and Steve mentioned all of the ideas that came to their minds in trying to bring in customers. Steve Goring says that one of the things they tried and worked was to have the place open until late at night. People stopped after they had attended shows, bowling, movies ... Steve recalls that at the beginning, there were days when he only slept for one hour or so.

As the sales of their ice cream business grew, competitors also grew in the area, and they were faced with the dilemma of staying small, leaving the business, or expanding it. They decided to expand and obtained a loan from the Small Business Administration for \$ 120,000. At present they have 7,000 square-feet of manufacturing plant, 12 franchises and 1.6 million dollars in sales. The Gorins foresee having, in the near future, at least 100 of their outlets from Atlanta to the Florida Keys. [101]

Cain & Abel Inc., of Jeffersonville, Indiana, was started by Doel Cain, 33, and Kent Abell, 31. The two partners started their company, which deals with electrical contractors. Their only savings was \$1,000. They took small jobs and began slowly to build more cash to be able to

take larger jobs. They had never requested government assistance. Most of their loans were secured from private banks. Cain & Abel Inc. have just been awarded their first big contract for 1.3 million dollars. They expect to have 32 to 50 employees by mid summer and make a success out of their enterprise. [102]

Ziyad Inc., Denville, is said to be one of the fastest growing companies at present. The company began modestly in the basement of Ludwig J. Kapp, one of its three founders. The company was started in 1979 by Kapp, Edward I. Rosen, and Martin T. Connolly. A few months after their initiation, they moved to a building in Denville, hired five employees, and six months later the company posted an astonishing sales record of \$ 365,000.

The company uses advanced electronics to manufacture paper feeders. The paper feeder is referred to, by company officials, as the "Intelligent Paper Processor," which eliminates the need for trained and highly paid word processor operators to stand around feeding paper manually into a printer. Ziyad Inc. paper feeders can produce up to 200 pieces of mailing, including envelopes completely unattended.

The prospectives for the continued growth of the company are enormous. Ziyad occupies 80,000 square feet in an industrial complex, has 300 employees, and net sales reached \$22 million in 1984. The firm's three founders have projected

their sales goal to be \$100 million within the next five years. [103]

B. "Smart Teams" [104]

"The hottest entrepreneur in America is.... the 'Smart Team' at Compaq Computer." [105]

"Smart Teams" defines a group of people with the experience, knowledge and versatility needed to work together in a combined effort to produce a successful venture. "The term 'Smart Team' may have originated with management consultants Steven M. Panzer and Robert P. Kelly Jr.. With venture capital tight, competition fierce, and product life cycles shrinking into spans of months instead of years, Panzer and Kelly argued that high-tech entrepreneurs have to adopt their management styles to a more demanding environment, one in which there is precious little room for error. Entrepreneurs must learn to invest their managerial skills with collective responsibility for even the most crucial business decisions. Managers have to learn to look beyond the narrow confines of disciplines to the broad concerns of the company as a whole. Companies such as Compaq are emerging from the high-tech shakeout stronger than ever. Their secret: avoiding the one man show. Is there a lesson here for the rest of us?" [106]

The statement of William G. Ouch, a Management Consultant, seems to be clear and to have more meaning these days.

"The era of the swashbuckler is over. No longer can you have an engineer in control of a body of technology and have no competitors to worry about. You can't sell something now if you don't sell it well or make it well. The era of The Steven Jobses - the guys who thought of themselves as antiorganization - is ending." [107]

The challenge of working together as a team will not only open up a better opportunity for success but, will also provide people with the tools that will increase their productivity, and thereby, their self esteem. Such is the case of Compaq Computer Corporation, located in Houston, Texas, and founded in 1981 by a "Smart Team" composed of Bill Murto, Rod Canion, and Jim Harris. All three were senior managers at Texas Instruments, Inc.. At the beginning, during the summer of 1981, the three gathered to chat about the type of business they could go into. They wanted to start a business but, they did not know what. One of their considerations was starting a Mexican Restaurant, another was to manufacture hard disks for microcomputers, and still another was to build some type of a device to find misplaced briefcases or car keys. Finally, the three decided to develop a portable personal computer compatible with the IBM PC.

What was different about this company? At the beginning, the number one priority of the founders was to arm themselves with the most experienced professionals. Immediately after the venture started, they hired the best people from the

Fortune 500 to fill the areas of marketing, sales, finance, and manufacturing. Unlike other companies in the Silicon Valley, and in other areas as well, Compaq was different. Its founders were not flashes of genius, and there were no technical breakthroughs. They were three experienced executive managers working together as a team. Rod Canon, co-founder of Compaq stated: "I am not a superstar with all the vision, just a guy who moderates the consensus among a pretty bright bunch of people. Our way is to work as a team to find out what the market needs and to execute our product. If people say, 'Ho hum' and that we need pizzazz, I think they miss the point." [108]

Rod Canon's point of view is that entrepreneurial success is far less dependent these days on the brilliant insights and force of personality of hard-charging chief executive officers. Lately, a large number of companies are organizing themselves around a "Smart Team" of experienced managers who substitute collegiality for hierarchy and keep their focus on a single goal. Their purpose is to build a company that is going to last. Ever since Compaq Computer Corporation started, it turned out to be a market sensation. During the first year of operation sales reached an outstanding record high of \$111 million. Three years after their start-up, Compaq Computer Corporation has become the largest manufacturer in the world of personal computers. Anticipated sales for 1985 were about half a billion dollars. [109]

Other companies have used the "Smart Team" concept, one of them being the Linear Technology Corporation. The group that started this company came from the giant National Semiconductor Corporation. The founders were C. B. Davis, Michael O'Malley, Brian Robert, C. Dobkin, Robert H. Swanson and William Ehrsam. Unlike other fast growing companies, this one moved at a much slower pace. Their co-founders' priority was to build a solid company that would last like IBM or Hewlett-Packard. During the first year of operation their main objective and accomplishment was to bring the best people to the organization. They hired the best and most experienced managers in the Fortune 500. This concept was greatly appreciated by venture capitalists who have responded optimistically with funding monies. [110]

Another company that used the "Smart Team" concept is Quantum Corporation, located in Milpitas, California, some 400 miles away from Tandon's San Fernando Valley headquarters. James L. Paterson, a former IBM executive, founded Quantum Corporation. He drew experienced managers from companies such as Hewlett-Packard, Digital Equipment, Shugart Associates, and others of the same caliber. The growth of this company was very slow during the first five years. They refused large orders, although, they were willing to have the IBM business, which for them would have meant big orders. However, they didn't go after it because they feared that too many orders would put managers and their financial resources under strain.

Jim Parson, program manager at Quantum, comments about the company president's point of view regarding the quality of people at the company. The president thinks that the key is to make it impossible for single minded egotists to enter the organization. Parson continues, prospective managers are subjected to as many as a dozen interviews in order to ensure that they have the sensibilities and temperament so necessary of team players. "Here you not only have to be good but, you damn well better fit this culture." [111]

Everything is possible in the United States of America, as long as you try it and do it well. The possibility for entrepreneurial high mindedness and achievement is endless. Taking advantage of incentives can provide a headstart for any venture, as in the case of AST Research Inc., also started in a garage in Santa Ana, California, in 1980. AST stands for the first letter of the founders' names Albert Wong, Safi Quershey, and Tom Yuen. At first, this team had only a notion that the IBM PC would create a huge market for add-on products to expand its functions as well as for increasing its capabilities. They had virtually no money savings. Unlike other Silicon Valley entrepreneurs, the three did not come from the huge American Corporate background, nor did they have any management experience. Their chores at the beginning were easily divided. Wong took over the technical aspects, Yuen took over sales, and Quershey was responsible for administration and planning. Their first year, sales reached \$400,000. Four years later,

sales rose over \$100 million. Today, the three immigrants are worth over \$40 million. [113]

The companies discussed, Compaq Computer Corporation, Quantum Company, Linear Technology Corporation, and AST Research Inc., have some characteristics in common, such as the priority of selecting a number one management team, and not making the next technological breakthrough on earth. Their goal was to build a company that would last. [114]

The examples of case studies documented in this chapter constitute only a few of the entrepreneurial ventures that have followed the spirit of independence and the urge to own a business. There are many other cases that have found success, and many more that are being started everyday. The case studies also show that entrepreneurs can succeed in so many areas. Some of these businesses have started from scratch, others have been improved. Whatever the case may be among the many characteristics exhibited by these successful entrepreneurs, the most common seems to be the fact that they were able to spot market niches that no one else could, and worked hard to make the venture a success.

CHAPTER VI

INTRAPRENEURSHIP

"Intrapreneurship: It's all the rage among big businesses these days. By giving employees free rein to develop their own products and the financial support to bring them to market, the corporate giants hope to become nimble enough to keep up with the peppy start-ups responsible for much of this country's innovation. Even the smallest company can build a better business through intrapreneurship. The intrapreneur is the entrepreneurially minded employee behind the company's success." [115]

The following are case studies of intrapreneurs, as well as comments on the subject from important personalities in the field of intrapreneurship.

Take the case of Stephen Martin who at the age of 39 is credited as being the founder of Ciba Care Vision Corporation in Atlanta, Georgia, under the conglomerate Ciba-Geigy, two years after he started with the company. He graduated with a major in English and Speech from College. [116]

In 1979, Steven Martin was the director of New Products Development in the firm's ethical pharmaceutical division. While at this position he gained valuable experience that would later in his career be useful towards his endeavors.

While talking to his customers he found out that the soft lens market would soon increase tremendously and not too many companies were making them. With this in mind, he went all the way to the division's president with a proposal for a soft lens start-up project. He was lucky and just in time. The president approved \$50,000 for market research with outside consultants. Within six months, Martin was given the green light to go ahead with his project. At first, the venture was started by his secretary and himself. Ever since, the company has had tremendous growth. Sales during the first year reached \$200,000; present sales are over \$60 million. Martin's estimated sales three years from now are over \$150 million. Steve Martin's net worth has increased to \$600,000 from \$250,000 when he began. His salary was \$34,000 a year, and his present salary as executive vice president of the unit is \$117,000 including bonuses. [117]

Jim Hurd founded Planar Systems, Beaverton, Oregon in 1983, with the help, and under the roof of Tektronix, a \$1.3 billion electronic instrument maker located in the area of Beaverton. Hurd, 37, is married and has two children. He attended college for four years, and majored in physics.[118]

Before Jim Hurd became an intrapreneur, he was with the company for thirteen years. During the last five years he was the head of a team that spent the entire five years developing a flatpanel screen. These panel screens are found in some pocket calculators, and lapsize computers. This type of

screen is manufactured with a technology called (EL) which stands for "electroluminescence." These screens are much brighter and sharper than the liquid-crystal displays which are used at present. But, (EL) is much more expensive than conventional liquid-crystal displays, which was one of the reasons why Tektronix was not interested in going any further with the product.

When Jim Hurd knew that the project that he and his team had spent five years working on was to be canned, he decided to talk to Tektronix's chief regarding his idea of running the product himself. This was in 1982. Finally, a year later, April 1983, Jim Hurd was given the okay to start-up. The company, Planar Systems, was started by Jim Hurd and two other employees. Presently, one third of the company is owned by Tektronix, another third is owned by Planar Systems' 61 employees. Information on Jim Hurd's present salary, or net worth, is not available. It is only known that his salary, while with Tektronix, was between \$40 and \$60 thousand. [119] Sales rose to \$0.5 million during the first year of operation. Present year sales are expected to be between \$2 and \$4 million dollars. Estimated sales three years from now are from \$20 to \$50 million. [120]

John Dagneau, 47, was the Purchasing Manager for Atlantic Cement, in Ravena, New York. He had been with the company for nineteen years in different positions until one day, in 1982, he saw the opportunity to step into a venture.

Atlantic Cement generates about 150 tons of a highly alkaline material known as kiln dust, which is a by-product of cement. Until John Dagneau stepped into this venture, about 99% of the kiln-dust was dumped on a nearby site which was soon going to be full. The only customers for kiln dust were paving contractors who would add this material to asphalt. Kiln dust was becoming a pressing problem for Atlantic Cement. In 1982, management announced, in an inhouse bulletin, the requirements for a volunteer employee who would be willing to take charge of a project with the possibility of finding out some other use for the kiln dust.

John Dagneau answered the call and expressed his willingness to take charge of the project. Dagneau comments, "I knew that if I took the assignment and failed, Atlantic would try to find a job for me somewhere else in the company. But that wasn't important at that time. I was getting divorced and was eager for a new challenge." [121]

After Dagneau was approved by management to be the head of the new project, he drew a plan, assisted by the New Directions Group, which served as consultants for their new venture. The product, kiln dust, was to be sold primarily to farmers as a soil conditioner and fertilizer. Other potential customers included municipal sewage systems, which could use the dust to neutralize waste, and companies that clean up toxic sites. The new product was also renamed as "NewLime," instead of kiln dust. No other changes were necessary on the

product. [122]

Later, by mid-1983, Dagneau and two part time assistants set up a shop and placed some adds in the newspaper. Soon the phone started to ring. Revenues for 1984 reached beyond \$750,000, which was about three times the initial investment on the venture. Dagneau points out, "If sales continue to grow as projected, it's conceivable that before long my incentive pay will match my salary." [123]

The next case study relates the experiences of Bob Ehrlich, an intrapreneur with Warner-Lambert, Morris Plains, New Jersey. Ehrlich, 33, is married and has two children. He was a Product Manager prior to his recent assignment as head of the intrapreneurial team. He has been employed by the company for two years. [124]

The objective of his new assignment was to develop ways to combine gum technology and over-the-counter medication to create a new consumer product for wide spread use. The project team is made up of eight employees headed by Ehrlich. This is the first group of employees to receive a grant of \$40,000 from "American Chicle Group Entrepreneurial Program," a Warner-Lambert organization designed to provide a climate conducive to innovation. Although the program is at the beginning stages, Ehrlich's team has already experienced the advantages of working independently from corporate regulations. Bob Ehrlich explains: "The team concept allows us to

get people involved much faster than normal procedures would permit." [125] The meetings are informal, the working hours are longer, and the team members are giving the best they can. [126]

Stephen C. Fields is a Venture Manager with New Ventures Group, Allied-Signal Corp., Morristown, New Jersey. He holds a Bachelor of Science in Chemical Engineering, and a Master's degree in Business Administration. Fields is head of a product called "LifeLines," a technology used to test consumer products for freshness.

J.T. Elder, President New Ventures Group, Allied-Signal Corp. commented on some of the reasons why Fields was selected for this project. The ingredients were there. Fields had technical knowledge, but not enough to present a threat to the Ph.D's. Fields was willing to take a chance. He believed in the success of the product. Elder added that he was not just selected by the New Ventures Group, nor had he come with the idea to the group directly, the selection depended partially on the group, and partially on him. He showed interest, and the company had the opportunity available for him. Elder also commented that Fields is doing excellent as head of the present enterprise. However, he explained that the parent company must be aware of the different stages of the venture. Individuals who are good at the beginning may not be good later when the venture is no longer a venture but a profitable company.

Elder did not speak about Fields specifically, but he noted the possibility that, the intrapreneur, who heroically took the product from conception to fruition, may no longer be the head of his venture. He is usually given a boss, or, is transferred to a different place within the parent company. This usually happens when sales have reached a number that requires highly experienced management. [127]

R.J. Heptic, of American Cyanamid Company, said that the word "intrapreneur" might be new but, the concept has been around for a long time. There may be many intrapreneurs in medium and large size organizations that may not know that they are intrapreneurs themselves because the term is new. American Cyanamid has its Product Champions who, according to Heptic, are responsible for absolutely everything. Some of them have been responsible from the conception of the product to the marketing of it. [128] Pinchot says that main innovations have always been done by entrepreneurs in large organizations. [129]

Such is the case of Laura Henderson, owner and chief executive of Prospect Associates, a Rockville, Maryland-based biomedical consulting firm that has been in business for eight years. It has 85 employees and annual sales of \$3.5 million. Prospect's business ranges from serving a clearing house for information on diabetes, and coordinating seminars on breast cancer, as well as developing smoking-cessation programs. [130]

Her philosophy on the subject is that, "Those who are committed and competent should be given as much autonomy as possible to develop new skills and to create new businesses for the company - in their own areas of expertise." [131]

Prospect is staffed by people who have special interests within the health-care field. Although she was knowledgeable on the subject, she knew she lacked the technical know-how to be a one-woman show. If she wanted her company to grow she would have to rely on a team of experts or skilled professionals, who were enterprising enough, to take full responsibility for their own small part of a growing company. [132]

Gifford Pinchot III, entrepreneur, consultant and author refined the management concept and labeled it intrapreneurship about six years ago. Nonetheless, at about the same time, Henderson was already putting the idea to work in her fledgling consulting firm, unaware that her pet management approach would have a name and mystique that major corporations would one day emulate. [133]

Intrapreneurs are those entrepreneurially minded employees behind their company's success. They have had a personal interest in pursuing a particular idea, or area of expertise, and have been given the opportunity to develop and market the idea.

By getting more autonomy than ever before in their jobs,

they are able to create structure without creating barrier, and to foster a healthy spirit of competition, without jeopardizing the corporation or their salaries. Intrapreneurship means new business for the company, satisfaction and success for the individual intrapreneur. They give their company the opportunity to be successful on a product that, otherwise, would have never been conceived. The advantages for the intrapreneur are that they can use the resources, personal, physical and financial, as well as the name and the backing of an already, well established, firm.

CHAPTER VII

MINORITIES IN THE ENTREPRENEURIAL ROLE

America has been described as the land of opportunity for all. The ambition and challenge of being your "own boss" has attracted all kinds of people into building their own business entity. Their sacrifices have been many, but the spark that ignites a sense of success was always vivid in their imagination. This chapter will provide profiles of those minorities whose contributions have earned them independence and success in the business world.

Richard Eisenberg, in his article "How to Get Rich in Today's America," quotes the following from the best seller book, The Rich and the Super Rich by Ferdinand Lundberg: "The day of accumulating gargantuan new personal fortunes in the United States is about ended." [134] Eisenberg cites several reasons why F. Lundberg was wrong about his statement. In fact, he says: "Today's multimillionaires are not only the Fords, Rockefellers and Mellons but, there are also many others with last names such as Ramon Morales, and Pamela Rost." [135]

Ramon Morales and Rafael Collado are moving their company to the South Bronx. Their company "Protocom Devices Inc., was founded by both Morales and Collado in Greenwich, Connecticut in 1983. They manufacture data communications equipment.

Collado, 31, comments that the selection of this site is due to the fact that the South Bronx is surrounded with good schools, colleges and universities. He believes that the area will get better, and that there are plenty of good people who could work with him. He says that politicians, investors and community leaders have neglected an area such as the South Bronx where there is so much room for improvement. Collado also stated in regard to the people in the inner cities that are being left behind, that: "America is becoming more of a two-tier society. There are those who are computer literate and information oriented, and those who are left behind, an underclass. We feel that we can't let that happen. So we plan to develop this company right here in the Bronx." [136]

Rafael Collado used to work for GTE before starting his own business. He was happy and treated very well at this company. He decided to go on his own because he believed that by being his own boss, he would have more control of his activities. He enjoys looking at the things he has done. Regarding today's entrepreneurs, Collado says: "There are too many pseudo entrepreneurs, who desire the BMW and the big house. They want to come-up with some scam that would make them rich by the next day. But, having a business is not that. There is constant work and constant adversity. The only thing that sustains you is your vision." [137]

According to the National Association of Business Owners

more than 25 percent of its members run businesses with annual rates exceeding \$800,000. The Internal Revenue Service estimates that the number of Americans with a net worth of at least \$1 million has more than doubled since 1976 to more than 400,000. Although these statistics do not indicate what percentage of the 400,000 millionaires, if any, belong to minority groups, it shows that owning a successful business is a sure route to one day becoming wealthy. [138]

Regarding the rapid increase of millionaires during the past years, Thomas Stanley, a serious student of wealth, and a marketing professor at Georgia State University in Atlanta, points out that the number of millionaires is growing at an average of (8) percent, which is twice the inflation rate in the United States. The vision and determination of entrepreneurs, and their ability to find products that are on a roll in the present economy are the reasons for this increase in wealthy individuals. [139]

Minorities are getting ahead in business and science. Black Americans are creating a business at a much faster pace than the economy as a whole. Virginia Inman states: "When it comes to Black entrepreneurs, there is good news and bad news. From 1977 to 1982, according to a Census Bureau study, the number of Black owned companies increased 47 percent, almost twice the growth of the total number of nonfarm businesses. The bad news is that the Black owned companies are tiny. In 1982, 89 percent of 339,239 Black companies had no

paid employees as compared with about 40 percent of all businesses. (63) percent had less than \$10,000 in sales. Despite a (33) percent jump over the five year period, the rate of Black entrepreneurship remained low in 1982. There were 12 Black owned firms per 1000 Blacks, compared with 63 companies per 1,000 people in the total population. The significance of this is that we've got a very large number of firms that really aren't firms at all." [140]

The following statistics are from the U.S. Department of Commerce, Bureau of Census, County of Business Patterns-1982.

Number of Firms

<u>County</u>	<u>Total</u>	<u>Black owned</u>
Essex	17,920	2,435
Hudson	10,892	492
Passaic	9,903	440

Considering the large Black population in the counties of Essex, Hudson, and Passaic, the percentage of Black owned firms is relatively low. Not only is the percentage of the number of firms low but, they are also small firms. Out of the 2,435 Black owned firms located in Essex county, 309 have employees. The low percentage of Black owned companies is reflected in the number of firms as published by the Census Bureau. There are 60 Black owned companies in Hudson county,

and 57 in Passaic county, that have employees. [141]

The majority of Blacks consider the option of having a business of their own as a way out because of their difficulties in finding a job. Having a business of their own is their only available alternative to earning a living. There are also many Blacks with jobs, but, they don't make enough money. There are a number of Blacks that own small firms, and at the same time have other jobs. James H. Lowery, from a Chicago consulting firm, says that a recent study shows an increase of 231 percent in the non-store retailing industry, which includes selling from home. The majority of these retailers averaged less than \$5,000 in 1982 sales. [142]

Regardless of the statistics, which indicate that Black business owners are far from being considered as successful in terms of sales generated, there are some Black Americans who have successfully reached sale amounts of millions of dollars. They have set fine examples of hard work, cleverness and stamina in managing their enterprises.

The following case is about Alicia Page, a 57 year old Black woman. Hers is one of those tales that makes one wonder how people can start from scratch and become so successful, regardless of the odds against them. Alicia Page spent most of her life as a librarian in Avon, a small town in Boston, Massachusetts. In 1980, she established Computer Engineering Associates Inc.. The company specializes in the automation of

library catalogs. Today, her company has annual sales of \$6 million. Her present office is located in a courtyard across the street from the Town Hall of Avon, Massachusetts.

Page never dreamed of owning a business, never mind a multimillion dollar business as she now has. She recalls that everything collapsed for her by the year 1978. Her sister died, and her divorce became final by November of the same year. There she was all alone, a 57 year old woman. The idea of the business came due to her experiences while she was a librarian. Page explains that libraries in the area used to have what it is called an "interlibrary loan service." She remembers that sometimes it would take 6 months to get a book that was wanted yesterday, so Page said to herself: "Now, wouldn't it be interesting if I could put all of the South Shore library holdings on one database, and put a CRT in each library, and make the librarians feel like they are big computer operators? They could call up for a book by author, title or subject, and they would know, immediately, where the book was and in what library it was in?" [143]

Alicia Page was afraid to fail and loose everything that she had until then. After talking to her brothers about her idea, she was told to go ahead and do it, and if she failed, she could always stay with them until she got back on her feet again. She sold her house, from which she cleared about \$30,000 after the closing, and this was her initial investment. When she was starting, Page says: "I used to wake up

in the middle of the night, you know, I'd be sound asleep and all of a sudden, I'd wake up, and I'd sit straight up in bed, and say, am I crazy?" [144]

Page attributes one of the reasons she succeeded, to the decision she made not to go slow, and not to have a small business. Regardless of her fear of loosing everything, she went all the way in terms of her initial investment and her full time dedication to her business. She did not start part time waiting to see how it went. This decision left her two roads only; one, to work as hard as she could or, two, to loose everything she had until then and fail. [145]

Another entrepreneur, Barbara Gardner Proctor, a Black, founded Proctor and Gardner Advertising Inc. in Chicago, in 1970. Today, the company has over \$7 million in annual sales. Barbara attributes her success to her personality and values taught by her grandmother. She recalls that her grandmother used to work as a house cleaner for \$2 a day. She never did complain about not having enough money. Her grandmother was always proud of her job and of what she was. Barbara remembers what used to be called the "white glove test." This was when the White lady would come in wearing a white glove and run her fingers under the tables and doorjambs to see if any dust was left at all. The White ladies never found a speck of dust in the houses her grandmother cleaned. Barbara says, "My grandmother was the essence of looking inside herself for strength. She was very religious but, she didn't ask for the

Lord to do anything that she could do herself. She taught me values, like not to worry about appearances, or money, or my externals. Get something in your head that no one can ever take from you." [146]

Barbara remembers how White people used to place their hands on her head, and say how cute she was. Her grandmother would say, "No, she ain't cute. But, she's smart and she is going to amount to something someday." [147] Although her grandmother didn't have any idea of what she was going to be, she was always assuring her that one day she would be something special.

While Barbara was an employee, and even later deciding whether to have her own business or not, her grandmother was always her shining star. She recalls that when she started her own company, she didn't know anything about business, or how to handle clients. She was loosing about \$2,000 a month in the first two years but, her commitment to make it was all that it took. Her only job experience was at the advertising agency, from where she was fired, because she refused to do a job that she thought was not within her line of work. She explains, "It didn't take me long to realize the facts of life. There were three things you could not be: One, be a woman; two, be an old woman; three, be Black. And I was 30 years old, so that meant that I was all three. Once a woman is past 25 in the advertising business, she is old." [148]

Mayor Jackson is a Black who once became the mayor of Atlanta. At present, he is a partner with the law firm of Chapman and Cutler. There still exist racial problems but, not as it used to be, Jackson comments. He says: "Those who have taken the route of entrepreneurship are better off than those who have not. Afro-Americans and other minorities, are entrepreneurs by nature. We are all used to doing things the hard way in order to survive. We have the instincts, and the attitudes to gamble and to go forward. We don't have much to lose if we take a chance." [149]

Most minority entrepreneurs out there today have come from homes with minimum comfort, great emphasis in education, and a strong parental force for survival. Mr. Jackson believes, that in order to be a successful entrepreneur, you have to believe in yourself, and you have to have confidence. He states, "Entrepreneurship does not have a color to it, except where capital is concerned. There is an old excitement among students when they see what someone like Michael Hollis has achieved with Air Atlanta. They see those big airplanes, and they say, 'My Lord! He's a Black guy from our very own Brooker Washington High School.'" [150]

Junius Ellis, speaking of Louis Burke Jr., a Black entrepreneur says: "The rewards of intrapreneuring at AT&T weren't enough for Louis Burke Jr.. He left in December 1984 to launch Aurologic Inc., an electronics firm based in the area of Norwalk, Connecticut." [151] His successful career helps

to set an example for other minority groups.

Louis Burke Jr. lives with his wife and three teenage sons in Hackettstown, New Jersey. He attended college for four years and received a degree in Applied Science. Then, he went to a vocational trade school to study electronics. In December 1984, Burke quit his \$100,000 a year job with AT&T to become an entrepreneur. He held jobs in the past with GM, IBM, RCA, and Digital. At his recent position with AT&T, he was the director of Ma Bell's consumer products division in Parsippany, New Jersey. Burke was also the force behind several other AT&T successful ventures. As director in Ma Bell, Burke managed the operation with a budget of more than \$20 million. Although, his career was successful while he was with AT&T, he felt that he was not completely trusted, and he could not fully develop his ideas. Burke comments: "I had to go through endless channels to be able to spend \$50,000 on a new product prototype. I'd probably still be at AT&T, if they'd just let me run with my ideas." [152]

After Burke left AT&T, he went to New Directions Group, whose primary business is to help companies develop new products or ventures. After conducting market research, Burke started Auralogic Inc.. Auralogic Products are computerized synthetic speech devices, designed to prompt doctors and nurses as they are performing various medical procedures. Burke started this business because the idea was sound, and there was a market for it. Although he did not have prior

experience in the type of business that he was getting into, he decided to go ahead with his idea of owning his own firm. He has already received \$600,000 by selling the stock of his newly formed company to private investors. [153]

Joy Fisk is a 44 year old Black, owner of My Favorite Things, a company that specializes in shipping potpourri to thousands of customers from its base in Nampa, Idaho. Her success reflects her perseverance to do what she liked and enjoyed the most.

Fisk has a growing business selling potpourri by mail. She liked when the business was small and in the beginning, it was like her hobby, for she loved the work. Fisk never tired, nor was she concerned about growing fast. Her desire was to sell a product that would satisfy people. There are always problems and adversities; the key to success is in finding ways to solve them. Fisk believes that, "You can't wait until all the lights turn green before you start across town. You take them one at a time. Had I known about the problems ahead, I would have been scared to death." [154]

Fisk talks about the importance of commitment. Setting your goals is not all that is important, it is the commitment you put towards those goals. "To learn the skills takes more time and money than you think." [155]

One of the most lucrative ventures was started by a

woman in the field of cosmetics, 22 years ago. Her business started in her living room. Now, her headquarters' offices are located in a Dallas skyscraper of golden glass. She re-collects her experiences and the reasons that drove her to take the plunge.

Mary Kay Ash used to walk two paces behind her boss. Every time she made a suggestion, her boss used to tell her: "Mary Kay, you think like a woman." [156] She always felt like she was not given the opportunity to put her ideas to work. One day, she was tired and upset from being put down by her boss. She then sat down in her living room table and started to write a book about the problems at work. Mary was doing this, hoping to feel better about it. She never meant to start a business. Mary Kay remembers that, after several weeks, she had so many problems written down in several pages of her notebook. She said to herself: "If you think you're so smart, what would you do about it?" [157] For Mary Kay this was like a game. She wrote down the solutions for all of the problems, and after she had finished, she realized that she had written a marketing plan. Then, a few days after, while looking at her plan, she thought: "What if somebody does this, instead of just talking about it?" [158]

This courageous woman decided to take her life savings, and start her business. At first, she planned with her husband because of his expertise in administration. But, unfortunately, her husband passed away a month before the

opening of the business. At this time, it was a tremendous decision for Mary Kay Ash. She did not know whether to go ahead with the venture or not, because when her husband died she thought that the company had died with him. She discussed this with her 20 year old son Richard, and both of them decided to go on with the business. Her son decided to take his father's position as administrator of the company.

For her, the beginning was a lot of work and no money. Since she did not have money to hire employees, she began with the help of her neighbors, who according to her, did not refuse only because they didn't have the nerve to say no. Her successful cosmetics company sold \$277.5 million in 1985. But, more importantly, she had been the mentor for more than 150,000 women who sell Mary Kay cosmetics in their small companies. One of these women made \$325,000 by selling Mary Kay products last year. [159]

Some case studies of entrepreneurs and intrapreneurs offer testimony of dreams come true, as in the case of Youa Her. She is a refugee from Laos who has also taken advantage of our free enterprise. Youa Her arrived in the USA in 1975. A refugee relief group found her a home in Washington, Wisconsin. Later, when she moved to Wausau, a town not too far from Washington, she decided to open a grocery store. According to her, it was badly needed by the people of that town. Youa Her explains two reasons why she decided to go into that type of business: One, she figured that people

could go without money for days but, not without food. Two, she thought of the arts as a way of helping her fellow women, newly arrived with her from Laos. She could do this by helping them to sell their home made clothing and needlework. She also thought about their children as well. Her desire was to have something that the children could look at in the future as being from their country. With this in mind, Youa Her decided to start her small grocery store.

At first, she didn't know how to start, so she went to the Chamber of Commerce and picked up a few brochures to read but everything was just too much, and too confusing. Then, she opted to do it her own way instead. She traveled to the Hmong food store in St. Paul, Minnesota. (Hmong is a Laos tribe from which Youa Her and many other refugees came). She talked to the owners of the Hmong food store and asked them to lend her the food at 10 percent discount from the retail price. However, she found it a little difficult, since she did not have any record or cash money to put up-front. Also, the store owners were skeptic because Wausau was not a big business town. They finally loaned her the merchandise, about \$11,000 worth. She recalls with joy, that to her surprise and to the surprise of others, she was able to sell \$11,000 in only 3 months. She paid the \$11,000 to the Hmong food store and still had merchandise left in the shelves, which was her profit. [160] Youa Her has appeared in the community papers of Wausau, Wisconsin. They claim that her store decorated

the small town. What surprises Youa Her is that people come to her and ask: "How did you do it?. How did you think of this?. You must be a genius!" [161] She does not have too many answers so she simply responds: "It is simple, I enjoy working and helping the other women to sell their needlework and homemade clothes." [162]

The following is about three remarkable and ambitious women. Kwok Ming Wong immigrated from Vietnam, Irma Linda Diaz, and Rosemary Ruiz are both Mexican Americans. They started their own business, Independent Forge Company, in 1975. Prior to their decision to move into their own firm, the three women had worked for Aluminum Forge for seventeen years.

Each woman started to work for Aluminum Forge in different departments at about the same time. Since they did not have any education or prior experience, they started at the bottom with wages of \$1.50 per hour. Ruiz was made a supervisor only a month after she started, but she never became a foreman in 17 years of being with the company. Just before the three women left the company, Ruiz was asked to become a foreman, not because of the managers' good intentions to promote her, but because the workers of the plant had wanted to start a union, and her boss needed Ruiz to persuade all her fellow workers not to vote for the union. That is when Ruiz and the other two women decided to leave the company and start their own. When Ruiz mentioned her intentions to her

foreman, he answered: "'But you don't know anything about business.' Ruiz replied, 'we've got to try'." [163] Ruiz did not want to get to be 80 or 90 years old and look at her life without knowing if she was able to do it or not. She wanted to try it, and see how far she could go. [164]

Their combined savings was \$30,000, which was spent for an old forging press. No bank wanted to lend them any money because they did not have any track record and no education or business experience. They recall how the landlord was always trying to evict them, because they did not have money to pay the rent. Diaz remembers their humble beginnings when they would go home and have nothing to eat, just a piece of bread and some rice. The three women kept hoping that soon they would make money. Ruiz recalls walking from one place to another looking for work. That is how they survived for three years. They arrived at their office by six or seven in the morning and stayed until seven or eight at night, even if it was just to clean the office. [165]

Rosemary Ruiz recalls their first order, which was the very one that pulled them out of their hard times. The order was from Northrop for 19,000 pieces amounting to \$94,000. The day she received the order, she ran and told Irma: "Look, they must have made a big mistake!" [166] Then, Ruiz called the buyer to find out if the computer might have printed too many zeroes. Ever since that day, the company has grown. There are 39 employees and sales rose to \$3.5 million

in 1984. Some of their big customers are companies such as Northrop, Lockheed and Douglas. [167]

Regarding the many opportunities available for everyone today Ruiz says: "I think it's easier for women and minorities today, as the barriers are being broken for the younger generation, people from Mexico, and from Vietnam. Roads are paved for anyone who has a dream, not that it will be easy. They still have to go through that curve of learning. First of all, they must know who they really are, accept it, and make the best of it. But, we are very, very fortunate that we live in this country where one's dreams can be fulfilled. [168]

Another group of minorities are the Vietnamese refugees who have made a remarkable contribution to the economy of the nation. They have also set fine examples of hard work, not only to other minority groups, but also to other well established American born people. The last large group of Vietnamese refugees came to the U.S. around 1975. A big majority found homes along the gulf coast of Florida, Louisiana, and Texas. Their contribution to the fishing industry is incredible to the point where many American fishing companies are finding it difficult to compete with them. [169]

These "Americas' newest entrepreneurs," as Robert N. Steck terms them, are not using new gimmicks or technological break-throughs. They are just hard workers, committed to succeed. The parents are not the only ones making headlines with

their entrepreneurial work, but also their children at their schools. High schools and local papers are filled with names of Vietnamese students credited with the highest scores in their academic work. [170]

There are far too many minority entrepreneurs to mention here who have contributed to better the economy and prosperity of our nation in one way or another. And there would be even more, if the concept of entrepreneurship is applied to other areas other than business, such as, sports, politics, sciences... in short, wherever there is room for improvement or innovation.

Many of the minority owned businesses are relatively small, and a large percentage of failures do occur. However, this fact does not dissuade entrepreneurs from opening new businesses every day.

For clarification of this study, no minority intrapreneurs were found in the counties involved in this research, nor, in reading selections of case studies.

CHAPTER VIII

ANALYSIS OF DATA

FOR

ENTREPRENEURS AND INTRAPRENEURS

A. Entrepreneurs

This section will provide the analytical data obtained from the questionnaires distributed to the entrepreneurs surveyed, and from case studies. The tabulated results from the questionnaires indicate a diversity of businesses, as well as the reasons for going into that business. (Refer to Appendix C for a summary of the data.) Also reflected are some of the characteristics and attitudes described by the entrepreneurs themselves. Emphasis is given to the differences and similarities that may emerge from the results of the research and the questionnaires.

Regarding the type of businesses: The survey indicates 0 percent of businesses in research and development or engineering, and 1 percent in manufacturing. The largest number of businesses are in retail, which is 60 percent. Other types of businesses are: advertising, real estate, transportation, construction, insurance, laundry, funeral homes, and other miscellaneous services which amount to about 5 percent each.

Type of product or services: The largest number are in the retail of clothing, which is 45 percent, and second is the retail industry, 22 percent, which offers items other than clothing. Electrical and mechanical contractors make up 10 percent. Construction materials, repair services, and pharmaceuticals are 6 percent. Automotive transportation services, 3 percent; schools, chemical, and information services 0 percent.

Ownership - Single owner, partnership, or corporation: The survey shows 45 percent of the businesses are single proprietorships, 0 percent are partnerships, and 55 percent are corporations.

Age of the entrepreneur: Age factor at the time of starting their business varies accordingly. None of the entrepreneurs surveyed started their business younger than 19, nor older than 50. The largest group, which is 58 percent, started when they were 20 to 30 years old, and 21 percent of the entrepreneurs started their businesses at ages between 31 and 40. The same number, 21 percent, belongs to the group of entrepreneurs who started their businesses between the ages of 41 and 50. Regarding their sex status, 97 percent are male, and the remainder, 3 percent, are female.

The marital status of the population sampled is as follows: Married, 68 percent; separated, 14 percent; single,

4 percent, and divorced 14 percent. The case studies reflect that most entrepreneurs are married.

Regarding the number of children, 9 percent have no children; 0 percent, one child; 82 percent have two children; 9 percent have three children, and 0 percent have four children.

The country of birth analysis indicates that the largest number, 76 percent, are born in the USA; 7 percent have been born in Europe; 9 percent in Asia; 2 percent in Latin America; 2 percent in Puerto Rico, and 2 percent in India.

Relating to the ethnic background of the entrepreneurs surveyed, it is surprising to see the lack of Black entrepreneurs and very few Hispanics in an area that is predominantly Black and Hispanic. This fact does not mean that the areas surveyed do not have Black and Hispanic entrepreneurs but, it could be that the various businesses owned by these two groups are relatively small, and many of them are not yet listed in business directories. The businesses for this study were selected at random with the purpose of giving the same opportunity to all groups and all types of businesses in the area. The results indicate that the largest number of businesses are owned by Whites, which amount to 79 percent, 9 percent by Asian, 6 percent by Hispanics, 6 percent by Indians, and 0 percent are owned by Blacks.

According to educational statistics, the majority of entrepreneurs have college educations which represents 82 percent; of those: 26 percent have two years of college; 30 percent, four years, and 26 percent have six years of college. In addition, the survey indicates 0 percent have less than eight years of school, and 0 percent have more than six years of college. Ten percent (10%) of the entrepreneurs have trade school or vocational education. From the data analyzed, it is evident that the majority of entrepreneurs have a college education.

Peter F. Drucker comments on the characteristics of entrepreneurs regarding the number of businesses they own in their life time. He said to have known once an individual who would move to a different business as soon as the venture he was in, grew to a few employees or, sales reached a certain number. He added that this individual was not a manager and he knew it but, he was an entrepreneur. This individual was constantly innovating. [171] The analysis of this study indicates that 61 percent have owned a business for the first time. Forty-three percent (43%) went into business because they saw a good opportunity, 16 percent because they were unemployed, 30 percent because the business was already in the family and decided to be part of it, and 11 percent because they enjoyed working on it, meaning that, what for them once was a hobby, later turned out to be a full time business. Regarding the time they have owned the business,

68 percent have owned their business for more than ten years. Out of the 68 percent, 5 percent have owned their businesses for more than twenty years, 58 percent more than sixteen years, and 5 percent more than eleven years. Twenty-one percent (21%) of the businesses have been owned between six and ten years; 10 percent, from three to five years, and 0 percent for less than three years.

Case studies in previous chapters of this research indicated that entrepreneurs emerged to the entrepreneurial career from different areas. Some of them were laid off and could not find a job, so the only alternative was to have a business of their own. Others resigned because they were not happy with their employer. There are also those who left the employer with the specific purpose of having their own business. The survey shows that 15 percent left the employer to start their own business, 32 percent were laid off, and 11 percent resigned their employment for not being happy and later they decided to have a business of their own. The largest group, which is 42 percent, did not work. That meant that the business was the first job they had. Sixteen percent (16%) indicated that the business was inherited, and the remainder, 84 percent, either purchased an established business, or, it was started by them from the beginning.

The number of employees is a clear indication of how large the businesses are. Seven percent (7%) have one to three employees, 41 percent of the firms have on payroll

from four to six employees. Twenty percent (20%) of the businesses have seven to ten employees. Zero businesses have from eleven to fifteen employees. Seven percent (7%) of the businesses have sixteen to twenty employees. Also, the same amount, 7 percent, applies to businesses with employees from twenty one to twenty five. Seventeen percent (17%) of the businesses have twenty six employees or more; but, less than seventy five.

Business expansion may be a measurement of the owner's activity in terms of innovation by acquiring new businesses or developing new products or services. The survey data shows that 55 percent have expanded, and the remainder, 45 percent, have not expanded. Forty percent (40%) of the services or products are consumed by the public, 7 percent are for home owners, 7 percent for constructors, and 13 percent for schools. Offices showed 13 percent, 0 percent for Original Equipment Manufacturers (OEM) facilities, 7 percent for factories, 0 percent for dentistry, 0 percent for health care facilities and 7 percent for automotive repair.

Regarding the annual sales: 25 percent sold less than \$1000 the first year in business, 12 percent sold from \$1,000 to \$5,000, 25 percent had annual sales in the range of \$50,000 to \$100,000, and 38 percent sold over \$200,000. Present annual sales are as follows: 0 percent less than \$150,000, 26 percent range from \$150,000 to \$300,000. Nineteen percent (19%) have sales over \$600,000 but, less

than \$1 million, and 32 percent have annual sales of over \$2 million but less than \$5 million.

The net worth when entrepreneurs first started their business was as follows: 36 percent had a net worth less than \$1,000, 25 percent had more than \$1,000 but, less than \$10,000, 13 percent had more than \$10,000 but, less than \$20,000, and 13 percent had a net worth over \$20,000 but, less than \$50,000. Thirteen percent (13%) showed a net worth of over \$50,000 but, less than \$100,000. The present net worth is quite different. Thirty percent (30%) indicate to have a net worth of over \$250,000 but, less than \$500,000. Twenty percent (20%) indicate to have a net worth over \$500,000 but, less than \$1 million. Forty percent (40%) have a net worth over \$1 million but, less than \$2.5 million, and 10 percent have a net worth over \$5 million.

Information on the annual net income: 0 percent have income less than \$25,000; 28 percent have an income over \$25,000 but, less than \$50,000; 36 percent report to have incomes over \$50,000 but, less than \$100,000; 18 percent have an income over \$100,000 but, less than 150,000, and 18 percent have an income over \$150,000.

In one of the questions, the entrepreneurs were asked to rate the success of their business as excellent, very good, fair, and slow. Twenty-nine percent (29%) rated the success of the business as excellent; 57 percent as very

good; 14 percent as fair, and none indicated the success of their business as slow.

Regarding the personal satisfaction with their present business, the entrepreneurs were requested to rate their satisfaction as excellent, very good, good, and fair. The response was the following: 7 percent rated their personal satisfaction with the business as being excellent, 73 percent as very good, 13 percent as good, and 7 percent as being fair.

The number one reason why they decided to go into a business of their own is rated as follows: 43 percent for freedom, 21 percent for money, 0 percent for prestige and 36 percent indicated that their primary reason for going into their own business was because of occupational satisfaction.

Information on market research on the product or service prior to the starting of the business: 15 percent report to have conducted a formal market analysis, and the remainder 85 percent did not make any analysis. Regarding the knowledge about the type of business when started: 8 percent did not know anything about the business at first, 32 percent knew a little about it, 10 percent knew very well, and 37 percent received help from family and/or friends to start. Twenty-one percent (21%) borrowed money for an initial investment.

Out of those who have reported to have obtained loans: 0 percent received federal or state type loans for small businesses, 76 percent made personal loans, 12 percent made family loans, and 12 percent made mortgage loans.

B. Intrapreneurs

Refer to Appendix D for a summary of the data.

Since only three intrapreneurs returned the questionnaires, there is not sufficient data to generalize their characteristics and attitudes. Therefore, the analysis of the intrapreneurs is supplemented with case studies and with comments made by J. T. Elder, and R. J. Heptic.

The location of the intrapreneurs used in the analysis varies: Warner-Lamber, Morris Plains, New Jersey; Ciba Vision Care Corporation, Atlanta, Georgia; Planar Systems, a division of Tektronix, Beaverton, Oregon; Allied Corporation, Morristown, New Jersey; American Cyanamid Company, Wayne, New Jersey, and, Atlantic Cement, Ravena, New York.

Type of business or industry is as follows: Warner-Lambert - Pharmaceutical, Ciba Vision Care Corp.- Soft Contact Lenses, Planar Systems-Electronic Components, Allied Corp.- Computerized Electronic Systems, American Cyanamid - Electrochemical products, and Atlantic Cement - Fertilizer.

As far as their age and education, Elder commented that the age is not of primary importance, what is important is their experience and their willingness to succeed. He added, if they are too young they do not have enough experience, and, if they are too old they may not be willing to take a chance on a new venture. [172]

Bob Ehrlich, of Warner-Lambert, is 31 years old, married, has two children, attended college for six years and majored in Business. [173] Stephen Martin of Ciba Vision Care Corp. is 39, married, no children, attended college for four years and majored in English. [174] Jim Hurd, of Planar Systems, is 37, married, has two children, attended college for four years and majored in Physics. [175]

J. T. Elder, in speaking of Steven C. Fields, an intrapreneur with Allied-Signal Corp., said that Fields is in his mid 30's, married, has a Bachelor of Science in Chemical Engineering, and a Master's Degree in Business Administration. Fields was in the financing department prior to becoming a Venture Manager. [176]

Regarding intrapreneurs at American Cyanamid; R.J. Heptic - Corporate Director, Personnel Resources, mentioned that there are many individuals in the company who will fit the category of "intrapreneurs." He indicated that one them had an Engineering degree, plus a degree in Management. He started in planning and then he was moved to line manager.

Heptic requested the name of this intrapreneur and his personal information be kept confidential. [177]

John Dagneau, an intrapreneur with Atlantic Cement, is 49 and divorced. Information regarding his educational background and other pertinent data is not available. Before he became an intrapreneur, he worked in purchasing with Atlantic Cement. [178]

All the intrapreneurs analyzed in the data were White males born in the United States of America. The idea of going into a venture or business was their own, and all of them conducted market research on the product that they had in mind before they went into business.

Information on annual sales: Stephen Martin's (Ciba Vision Care Corp.) first year in business sales rose to \$200,000. Five years later, (1985) sales reached \$60 million. Personal net income rose from \$34,000 a year, while he was a regular employee of Tektronix, to over \$100,000 a year, as head of his present venture. Jim Hurd's (Planar Systems) first year (1983) sales reached \$.5 million, and two years after that, sales rose to between \$2 and \$4 million. [179]

Information on annual sales, or personal income of the other intrapreneurs analyzed was not available.

In the questionnaires, the entrepreneurs were asked to rate the success of their business as being excellent, very

good, fair, or slow. Out of the three questionnaires received, two of the intrapreneurs rated the success of their business as very good, and one, rated it as fair. Regarding the personal satisfaction with their present business venture, the intrapreneurs were to rate their satisfaction as excellent, very good, fair, or not satisfied. All three rated their satisfaction as very good. Two intrapreneurs chose occupational satisfaction as the number one reason for beginning their own business. The third intrapreneur indicated freedom as the number one reason. Finally, one selected money as his last reason, the second freedom, and the third prestige.

C. Similarities and Differences of Entrepreneurs and Intrapreneurs.

There are definite characteristics and attitudes that are either common or different, within both groups. The following information is based on the readings and the questionnaires distributed. The differences and similarities are listed in random order with no particular emphasis on order of priority.

Differences:

- Job security - Entrepreneurs leave their salaried jobs to begin business ventures. He or she takes a bigger risk, not knowing when or how he or she will make any

money, unless family owned or inherited. The intrapreneur, on the other hand, risks nothing in developing his venture. He still works for his employer and receives a salary regardless of whether or not his venture is successful.

- Age factor - The majority of entrepreneurs begin their venture between the ages of 20 and 30 years. The group of intrapreneurs all started their undertakings when they were older than 31 years of age.

- Type of business - Entrepreneurs go into all types of businesses with retailing at the top. Other types of businesses include manufacturing of different products services, health care and tourism. According to the case studies, the majority of entrepreneurial businesses are conceived from dreams, creative ideas and from the things they enjoy doing. The intrapreneur develops a venture that is related to his prior business experience within the company of employment. He knows the product and wants to explore all the usefull possibilities for it.

- Financial backing - For the entrepreneur, the undertaking of a new enterprise commands little or no help from financial institutions. In many instances, the up-front money for the start-up is borrowed from family and friends. The intrapreneur has the financial

backing and approval of the company for the development of his product.

- Race factor - According to the study, White male dominance appears in both groups of entrepreneurs and intrapreneurs, however, entrepreneurs show a small percentage of Blacks, Hispanics, Asians and Indians.
- Sex - The entrepreneurial data reflects very few women as owning their own business, when compared to the majority, which are men. The intrapreneurial survey, or case studies, do not show any women in that particular role.

Similarities:

- Motivation - Both groups, entrepreneurs and intrapreneurs, indicated that their number one motivation for their venture was occupational satisfaction, with money and freedom as secondary motivational forces. Prestige was not applicable to either group.
- Education - Educational achievements and attainments are of equal value in both groups. Most entrepreneurs, as well as all intrapreneurs, have completed at least four years of college education or beyond.
- Race factor - Both groups exhibit White males as the

dominant race.

- Both groups believe that the only way to succeed is through hard work and perseverance. There are no overnight successes. They also believe that commitment, confidence, determination and stamina are the elements that help breed success. The entrepreneurs and intrapreneurs share positive attitudes towards challenges.

- Entrepreneurs and intrapreneurs who have done very well in their ventures attribute their achievement to having chosen fields to explore and develop that were on a roll in the present economy.

The analyzed data represents the feelings, characteristics and attitudes of individuals who try to beat all the obstacles in life, in order to achieve a dream. It is evident that the choices for starting their own ventures are stimulating factors that will serve to inspire future entrepreneurs and intrapreneurs, not to be discouraged, but instead, to pursue their ambitions and success to the maximum.

CHAPTER IX

CONCLUSION

A. Who is the Entrepreneur and Intrapreneur ?

The popular concept regarding the entrepreneur is that he is an individual who, is daring, takes bold risks, and embarks, usually, in small type businesses. The entrepreneur is not regarded as being a viable contributor to the well being of the community, nor is he given credit for his accomplishments, until he is very successful in his business. The findings of this research study indicate that entrepreneurs are not chance takers. Instead, they are very well educated, hard working individuals, with a tremendous desire to succeed.

There is a need to differentiate between an entrepreneur and a business owner, and between an intrapreneur and other company managers who have autonomy in their positions. The entrepreneur differs from the business owner, in that, the entrepreneur is constantly innovating and looking for ways to better his business, whereas, the business owner does not innovate. The intrapreneur differs from other company managers in that, the intrapreneur is an innovator who, usually, develops a product or idea, from conception to marketing or, who innovates existing products, which create new markets and revenues for the company. The individual managers,

although they have been given complete autonomy for their respective department or division, do not innovate. Thus, the intrapreneur is simply the entrepreneur who is working for a large organization.

Many individuals agree that the term intrapreneur is new, but that the concept has been applied by American corporations for years. However, these corporations were not familiar with the new terminology called intrapreneuring. The organizations relate the intrapreneuring concept with giving complete autonomy to their divisional managers, thus providing them with challenging positions and rewarding careers. Some companies claim that, in this manner, they have been applying the concept of intrapreneurship.

B. Findings of the Study

Clearly, the attitudes and characteristics exhibited by entrepreneurs and intrapreneurs, are the key motivators that help to turn fantasies and skills into meaningful, self-fulfilling businesses. Both groups have an air of determination, shrewd business sense, and are hard driven by the possibilities of creating a reality out of an idea.

The similarities shared by both groups are enhanced by their positive attitude towards challenges of growth. Entrepreneurs and intrapreneurs are inspired into believing and making commitments as well as, following them through.

Other significant similarities of the two groups were the facts that they are, predominantly white, and the majority of the entrepreneurs and all intrapreneurs have college educations.

The study also reveals that there are very few women entrepreneurs and no women intrapreneurs, which accounts for the categorizing of women as part of the business minority.

Some of the differences between the two groups are related to job security, age factor, type of business chosen, financial backing and race. While the entrepreneurs risk their salaried jobs to go into their own business without knowing for sure when they will make money, intrapreneurs still receive their salaries, regardless of whether or not their venture is successful. The majority of entrepreneurs start their business at an earlier age than intrapreneurs. The intrapreneur has the advantage over the entrepreneur in that, the former is able to use the personal and financial resources of the parent company, while the latter must depend on his or her own financial status.

The characteristics and attitudes revealed in this study can serve as a guide to individuals and organizations contemplating the possibility of implementing or improving new areas of education, financing, markets of products or services, and, also to those individuals interested in exploring entrepreneurship as a career.

C. Recommendations

Government, financial, and educational institutions, as well as the public in general, need to be educated in the true concept of entrepreneurship, and on the characteristics and attitudes of the individual entrepreneur. Misleading conceptions on the subject may lead to a continuous lack of cooperation from the government and other institutions in helping entrepreneurs to meet the requirements necessary to start their own ventures.

Educational institutions should also include entrepreneurship as a vocational career at the secondary levels and post-secondary levels, in an effort to teach and expose students to the possibilities of entrepreneuring career goals. Organizations should learn how to best use entrepreneurial minded individuals to the fullest. Companies should learn ways to provide employees with a suitable environment that will allow them to come forward with their ideas, and the opportunity to further investigate the possibility of a profitable new venture for both company and employee.

Finally, entrepreneurship and intrapreneurship may be better viewed as "macro-entrepreneurship," a concept that may involve, not only innovation in small and large businesses, but in all aspects and all levels of society, for there is always room for improvement.

The individual contemplating the possibility of becoming an entrepreneur should always keep in mind that being an entrepreneur is not an easy road by any means, nor is it one that will always result in great financial rewards. But, entrepreneurship may be the only avenue left in the world that could offer rewards undreamed and unattainable in any other carrier mode. Ventures were meant to be explored and entrepreneurship is the key.

APPENDIX A

Sample of Cover Letter and Questionnaire
Used for Entrepreneurs' Survey



Newark College of Engineering
Department of Industrial & Management Engineering

November 24, 1985

Dear

My name is Miguel A. Vargas. I am a graduate student at New Jersey Institute of Technology in Newark, New Jersey.

I am working on a research study to determine the attitudes and characteristics shared by Entrepreneurs and Intrapreneurs. For that purpose, I am enclosing a questionnaire which will help me to compile the necessary information.

If possible, please fill out completely and return to me at your earliest convenience. A self addressed stamped envelope is enclosed. The information that you can provide will be most valuable and will be kept in strict confidence. You need not sign your name.

Thank you for your time and cooperation.

Sincerely yours,

Miguel A. Vargas

QUESTIONNAIRE FOR ENTREPRENEURS

1. Location of business (City): _____
2. Type of Business/Industry: _____
3. Type of Product or Service: _____
4. Check one: A) ____ Single owner, B) ____ Partnership, C) ____ Corp.
If partnership, please, state relationship of partner: _____
5. Age: _____, Male: _____, Female: _____
6. Marital Status: _____, Number of Children: _____
7. Country of birth: _____, Years in U.S.A. : _____
8. Ethnic Background: () Hispanic, () Black
() White, () Asian
9. Circle years in school: 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12
College: 1, 2, 3, 4, 5, 6, 7, 8, Degrees: _____
Trade School (Vocational) 1, 2, 3, 4, Field: _____
10. Did you own a previous business? ____ Yes, ____ No
11. Why did you start this type of business? _____

12. Years in present business: _____
13. Why did you choose this location for your business? _____

14. Were you employed by a company or corporation before opening
your own business? ____ Yes, ____ No
15. What was your position? _____
Salary Range: \$10,000 \$20,000 \$30,000 \$40,000 \$50,000& up
What type of Business/Industry? _____
What type of Product or Service? _____

GO TO NEXT PAGE

16. Reason for leaving employer: _____
17. Is this your first business venture? _____ Yes, _____ No.
18. Did you inherit the present business? _____ Yes, _____ No.
19. How many employees do you have? _____
20. Has your business expanded into other areas of services and/or products? _____ Yes, _____ No.
21. Who buys your products or services? _____

22. List your average sales for:
- A) First year in business \$ _____
- B) Present Year \$ _____
- C) 3 years from now (projected) \$ _____
23. What is your present net worth? \$ _____
24. What was your net worth the first year in business? \$ _____
25. Estimated net income (yearly): \$ _____
26. How do you rate the success of your business?
- A) Excellent _____
- B) Very good _____
- C) Fair _____
- D) Slow _____
27. Personal satisfaction with present business:
- A) Excellent _____
- B) Very good _____
- C) Good _____
- D) Fair _____
28. (Number them in order of priority). You went into business for:
Freedom ____, money ____, prestige ____, occupation|satisfaction__

GO TO NEXT PAGE

29. Did you have prior knowledge about your business choice before starting ? _____ Yes, _____ No

30. Did you conduct market research for your product or service before deciding to go into business ? _____ Yes, _____ No

31. Choose all that applies to you: (X)

_____ A) Didn't know anything at first about the business.

_____ B) Knew a little about the business.

_____ C) Had a good idea and decided to find out more information

_____ D) Had help from family and/or friends in order to get started.

_____ E) Borrowed the money for the initial investment.

_____ F) Did not borrow money for initial investment.

32. If you borrowed money for your initial investment, please indicate:

Amount: \$ _____

Type of loan: _____

Interest rate(%): _____

Length of time: _____

END

APPENDIX B

Sample of Cover Letter and Questionnaire
Used for Intrapreneurs' Survey



Newark College of Engineering
Department of Industrial & Management Engineering

November 24, 1985

Dear Business Owner:

My name is Miguel A. Vargas. I am a graduate student at New Jersey Institute of Technology in Newark, New Jersey.

I am working on a research study to determine the attitudes and characteristics shared by Entrepreneurs and Intrapreneurs. For that purpose, I am enclosing a questionnaire which will help me to compile the necessary information.

If possible, please fill out completely and return to me at your earliest convenience. A self addressed stamped envelope is enclosed. The information that you can provide will be most valuable and will be kept in strict confidence. You need not sign your name.

Thank you for your time and cooperation.

Sincerely yours,

Miguel A. Vargas

QUESTIONNAIRE FOR INTRAPRENEURS

1. Location of Business/Industry _____
2. Type of Business/Industry _____
3. Schooling:(Circle highest) 1,2,3,4,5,6,7,8,9,10,11,12
 College: 1,2,3,4,5,6,7,8, Major _____
 Trade School:(Vocational) 1,2,3,4, Field _____
4. Present Employer:(Name and location) _____

5. Age _____ Male _____ Female _____ Marital Status _____
 No. of Children _____ Country of Birth _____
6. Ethnic Background: () Hispanic () Black
 () White () Asian
7. Years in U.S.A. _____
8. Did you attend school in U.S.A.? _____ Yes _____ No.
9. Have you owned a business in the past? _____ Yes _____ No.
10. What was your position before becoming an intrapreneur?
 _____ Salary Range: _____
11. How long were you employed at your last job before becoming
 an intrapreneur? _____.
12. Did you have prior knowledge about your business choice be-
 fore starting? _____ Yes _____ No Some _____
13. Was intrapreneuring your idea or someone else's? _____
14. Did you conduct formal market research for your product or
 service before deciding to go into that business? _____ Yes _____ No

GO TO NEXT PAGE

15. Is this your first business venture? Yes No.
16. How many employees do you have? _____
17. Has your business expanded into other products or services? Yes No
18. Who buys your product or services? _____
19. List your average sales for:
- A) First year in business \$ _____
- B) Present year \$ _____
- C) 3 years from now (Estimate) \$ _____
20. What is your total net worth at present? \$ _____
21. What was your net worth the first year in business? \$ _____
22. Estimated yearly net income (Present) \$ _____
23. How do you rate the success of your business?
- A) Excellent _____
- B) Very Good _____
- C) Fair _____
- D) Slow _____
24. Personal satisfaction with present venture or business:
- A) Excellent _____
- B) Very Good _____
- C) Fair _____
- D) Not Satisfied _____
25. You went into business for: (Number in order of priority)
- () Money () Prestige () Occupation Satisfaction
- () Freedom

END

APPENDIX C

TABLE I

Tabulated Response Data of Questionnaire
Received from Entrepreneurs

	<u>Number</u>	<u>Percentage</u> (%)
1. Businesses located in New Jersey:	38	100
2. Types of Businesses/ Industries:	(38)*	
Manufacturing:	1	3
Retail:	23	60
Real estate:	2	5
Transportation:	1	3
Construction:	2	5
Insurance:	2	5
Laundry:	2	5
Funeral homes:	2	5
Other services:	3	9
3. Types of products or services:	(33)*	
Automobile transportation:	1	3
Clothing stores:	14	43
Construction materials:	2	6
Repair services:	2	6

* Indicates total number of entrepreneurs who answered the question.

Continuation of TABLE I

	<u>Number</u>	<u>Percentage</u> (%)
Electrical/mechanical contractors:	3	9
Schools:	0	0
Chemicals:	0	0
Information services:	2	6
Pharmaceuticals:	2	6
Other retail:	7	21
 4. Types of ownership:	 (38)*	
Single owner:	17	45
Partnership:	0	0
Corporation:	21	55
 5. Age at the time the business was first started:	 (28)*	
Younger than 19 years old:	0	0
20 to 30 years old:	16	57
31 to 40 years old:	6	21
41 to 50 years old:	6	21
Older than 50 years old:	0	0
 5A. Sex:	 (29)*	
Female:	1	4
Male:	28	96
 6. Marital Status:	 (29)*	
Married:	20	69
Separated:	4	14

Continuation of TABLE I

	<u>Number</u>	<u>Percentage</u> (%)
Divorced:	4	14
Single:	1	3
6A. Number of children:	(21)*	
None:	1	4
One:	0	0
Two:	18	86
Three:	2	10
Four:	0	0
7. Place of birth:	(32)*	
U.S.A.:	23	72
Europe:	2	6
Asia:	2	6
Latin America:	3	10
Africa:	1	3
Puerto Rico:	1	3
8. Ethnic background:	(33)*	
Black:	0	0
Asian:	3	9
White:	26	79
Hispanic:	2	6
Indian:	2	6

Continuation of TABLE I

	<u>Number</u>	<u>Percentage</u> (%)
9. Years in school:	(30)*	
Less than 8 years:	0	0
8 years:	1	4
12 years:	1	4
2 years of college:	8	26
4 years of college:	9	30
6 years of college:	8	26
More than 6 years of college:	0	0
Trade or vocational school:	3	10
10. Owned previous businesses:	(36)*	
Yes:	14	39
No:	22	61
11. Reason for starting own business:	(37)*	
Good opportunity:	16	43
Unemployed:	6	16
Family owned business:	11	30
Started as a hobby:	4	11
12. Years in present business:	(38)*	
Less than 3 years:	0	0
3 to 5 years:	4	11
6 to 10 years:	8	21
11 to 15 years:	2	5

Continuation of TABLE I

	<u>Number</u>	<u>Percentage</u> (%)
16 to 20 years:	22	58
more than 20 years:	2	5
13. Location for business was selected because:	(24)*	
Market Research Firm advised:	2	8
Location was ideal:	10	42
Business was already established:	12	50
14. Employed by a company or corporation before opening own business:	(35)*	
Yes:	18	51
No:	17	49
15. Position of employment held before opening own business:	(23)*	
Engineer (designer):	1	4
Scientist:	0	0
Sales or Marketing:	4	18
Manufacturing:	2	8
Service/repairs:	0	0
Education:	0	0
Clerical:	0	0
Retail store sales:	12	52
Factory worker:	0	0
Never employed:	4	18

Continuation of TABLE I

	<u>Number</u>	<u>Percentage</u> (%)
15A. Salary range (if applicable) (\$):	(16)*	
Less than 9,999	0	0
10,000 to 19,999	2	13
20,000 to 29,999	4	25
30,000 to 39,999	4	25
40,000 to 49,999	6	37
50,000 or over	0	0
16. Reason for leaving employer:	(38)*	
To start own business:	6	15
Laid off:	12	32
Resigned for personal reasons:	4	11
No response:	16	42
17. Present business was first business venture:	(30)*	
Yes:	22	73
No:	8	27
18. Present business was inherited:	(24)*	
Yes:	4	16
No:	20	84
19. Number of employees in present business:	(29)*	
1 to 3	2	7
4 to 6	12	41

Continuation of TABLE I

	<u>Number</u>	<u>Percentage</u> (%)
7 to 10:	6	21
11 to 15:	0	0
16 to 20:	2	7
21 to 25:	2	7
26 or more but less than 75:	5	17
20. Has business expanded into other areas?:	(22)*	
Yes:	12	55
No:	10	45
21. Who buys your product or service?:	(30)*	
Public:	12	39
Home owners:	2	7
Constructors:	2	7
Schools:	4	13
Offices:	4	13
OEMs:	0	0
Factories:	2	7
Hospitals:	2	7
Health care facilities:	0	0
Dentistries:	0	0
Automobile repair shops:	2	7
22. Average sales first year in business (\$):	(16)*	
999 or less:	4	25

Continuation of TABLE I

	<u>Number</u>	<u>Percentage</u> (%)
1,000 to 4,999:	2	12
5,000 to 9,999:	0	0
10,000 to 19,999:	0	0
20,000 to 29,999:	0	0
30,000 to 49,999:	0	0
50,000 to 99,999:	4	25
100,000 to 149,999:	0	0
150,000 to 199,999:	0	0
200,000 and over:	6	38
 22A. Average sales present year (\$):	 (31)*	
19,999 or less:	0	0
20,000 to 49,999:	0	0
50,000 to 99,999:	0	0
100,000 to 149,999:	0	0
150,000 to 299,999:	8	26
300,000 to 599,999:	7	23
600,000 to 999,999:	6	19
1,000,000 to 1,999,999:	0	0
2,000,000 to 4,999,999:	10	32
5,000,000 and over:	0	0
 23. Present net worth (\$):	 (20)*	
99,999 or less:	0	0
100,000 to 249,999:	0	0

Continuation of TABLE I

	<u>Number</u>	<u>Percentage</u> (%)
250,000 to 499,999:	6	30
500,000 to 999,999:	4	20
1,000,000 to 2,499,999:	8	40
2,500,000 to 4,999,999:	0	0
5,000,000 and over:	2	10
 24. Net worth in the first year of business (\$):	 (16)*	
999 or less:	6	36
1,000 to 9,999:	4	25
10,000 to 19,999:	2	13
20,000 to 49,999:	2	13
50,000 to 99,999:	2	13
100,000 and over:	0	0
 25. Estimated personal net income per year (\$):	 (11)*	
24,999 or less:	0	0
25,000 to 49,999:	3	28
50,000 to 99,999:	4	36
100,000 to 149,999:	2	18
150,000 or over:	2	18
 26. Rate of business success:	 (28)*	
Excellent:	8	29
Very good:	16	57

Continuation of TABLE I

	<u>Number</u>	<u>Percentage</u> (%)
Fair:	4	14
Slow:	0	0
27. Personal satisfaction:	(30)*	
Excellent:	2	7
Very good:	22	73
Good:	4	13
Fair:	2	7
28. Number one reason for going into business:	(28)*	
Freedom:	12	43
Money:	6	21
Prestige:	0	0
Occupational satisfaction:	10	36
29. Prior knowledge about business choice:	(31)*	
Yes:	16	52
No:	15	48
30. Conducted market research before going into business:	(26)*	
Yes:	4	15
No:	22	85

Continuation of TABLE I

	<u>Number</u>	<u>Percentage</u> (%)
31. Choose all that applies to you:	(38)*	
Didn't know anything about the business at the beginning:	3	8
Knew a little about the business:	12	32
Had a good idea and decided to find more information:	4	10
Had help from family and/or friends in order to get started:	14	37
Borrowed money for initial investment:	8	21
Did not borrow money for initial investment:	12	31
32. If money was borrowed for initial investment, indicate amount (\$):	(7)*	
19,999 or less:	7	100
20,000 or more:	0	0
32A. If money was borrowed for initial investment, indicate type of loan:	(8)*	
Personal:	6	76
Family:	1	12
Mortgage:	1	12

APPENDIX D

TABLE II

Tabulated Response Data of Questionnaire
Received from Intrapreneurs

Company:	Warner-Lambert	Tektronix	Ciba-Geigy
Location: (state)	New Jersey	Oregon	Georgia
Location: (city)	Morris Plains	Beaverton	Atlanta
Name of intrapreneurial company:	None	Planar-Systems	Ciba Vision Care
Name of intrapreneur:	Bob Ehrlich	Jim Hurd	Stephen Martin
Age:	31	37	39
Sex:	Male	Male	Male
Marital status:	Married	Married	Married
No. of children:	2	2	0
Country of birth:	USA	USA	USA

Continuation of TABLE II

Race:	White	White	White
Years of college:	6	4	4
College major:	Business	Physics	English/Speech
Position prior becoming an intrapreneur:	Product Manager	Manager Research	Director New Products Development
Salary range:	Not given	40K-60K	Mid. 30's
Time employed before becoming an intrapreneur:	2 years	13 years	2 years
Conducted formal market research:	Yes	Yes	Yes
First business venture:	Yes	Yes	Yes
Type of business:	Pharmaceutical	Electronic Manufacturer	Soft Contact Lenses Manufacturer
First year sales:	Not indicated	\$200,000	\$0.5 million
Present annual sales:	Not indicated	\$2-4 million	\$60 million
Number of employees:	7	100	over 1200

Continuation of TABLE II

Years in in- trapreneurial business:	1	2 1/2	5
Net worth before becom- ing an intra- preneur:	Not indicated	Not indicated	\$250,000
Present net worth:	Not indicated	Not indicated	\$600,000
Yearly income:	Not indicated	Not indicated	Over \$100,000
Rate of business success:	Very good	Fair	Very good
Rate of personal satisfaction with venture:	Very good	Very good	Very good
Number one reason for going into the venture:	Freedom	Occupational satisfaction	Occupational satisfaction

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