

MODULE 3: **Entrepreneurship**

LESSON 1: **Development of Entrepreneurial Mind Set**

TIME: **1 hour 36 minutes**

AUTHOR: **Gidraph J Nduati**

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# 1 LESSON

## **DEVELOPMENT OF ENTREPRENEURIAL MIND SET**



### **TIME:**

**1 hour 36  
minutes**

### **AUTHOR:**

**Gidraph J Nduati**



### **OUTCOMES:**

- Understanding the entrepreneurial perspective.
- Understand the role of entrepreneurship in economic development.
- Identifying sources of ideas for new agricultural ventures.
- Understanding methods for generating new agricultural venture ideas

### **INTRODUCTION:**

Kenya is a developing country and like most developing countries it is faced with a high rate of unemployment. Engaging in small scale enterprises has been seen as the best way to create more jobs and thus create more employment. Starting a business requires an enterprising mind, a mind that is able to notice business opportunities and exploit them. Mwalimu Njuguna's case demonstrates how an individual can develop an entrepreneurial mind set.



See this case study video on the course CD ROM section under  
*Resource Index | Module 3 | Lesson 1*

# The Entrepreneurial Perspective

Entrepreneurs take ideas and convert them into business ventures. What one requires to be an entrepreneur is courage and passion. Anyone who wants to become an entrepreneur should consider the following:

- Why he/she wants to start his or her own business.
- How starting the business is likely to affect one's personal life.
- The psychological and physical health preparedness needed, for example ability to work for long hours without harming one's health.
- Aspects of the business that one sees as obstacles to business success, for example having enough capital, skills and qualified employees

## Activity 1



Group Discussion (15 minutes)



For this activity, you will work in groups of five. Discuss the factors that might influence people to start their own business.

1. Make a list of at least 7 factors that the group believe motivate entrepreneurs to start up new businesses.
2. Then consider if you are motivated by any of these factors.
3. Use this check list to determine your readiness to start a new venture.

#	Consider	Yes	No
1	Will starting a business impact on your personal life and family members?		
2	Will working long and irregular hours impact on your health?		
3	Do you have the mental tenacity to work long and irregular hours?		
4	Do you have sufficient capital to start on a limited scale?		
5	Do you have sufficient knowledge about the business to start a new venture?		
6	Do you have sufficient skills to start this new venture?		
7	Are there sufficient numbers of skilled people, potential staff, to support you?		

# The Role of Entrepreneurship in Economic Development

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Small scale businesses play a big role in economic development. They support the economy in these ways:

- Creation of employment: the economic activities of small scale businesses require people, hence the entrepreneur will create work for other people.
- Raising living standards: the entrepreneur, as well as his/her management and workers, will receive income generated from the economic activities and thus will be able to enjoy more goods and services.
- Provision of goods and services: the entrepreneur will produce agricultural products such as milk, produced by Mwalimu Njuguna; he/she will also provide services to the customers such as delivering milk to them.
- Contribution to savings for further investment: the economic activities will create higher incomes and hence the entrepreneur will save some money and the savings will be available for investment.

## Activity 2

Case Analysis (10 minutes) 

In reference to Mwalimu Njuguna's case, outline the ways in which the small scale dairy farm has contributed to economic development.

1. Review the case study video.
2. In your journal, record in what ways Mwalimu has contributed to each of the four economic development areas mentioned above.



See Feedback section at the end of this lesson for answers and comments about Activity 2

# Sources of Ideas for New Agricultural Ventures

Ideas are the building blocks in the establishment of new small scale agricultural ventures. Ideas rarely just pop into your head. You need to cultivate the skill of developing them. There are various strategies and sources you can use to develop entrepreneurial ideas:

- Keep an idea files or a note book: record any new business idea that comes to your mind as and when you encounter it.
- Newspapers and Magazines: read newspapers and magazines regularly and cut out and keep any interesting business ideas.
- Trade journals: identify business journals to which you can subscribe.
- Friends, family members and relatives: discuss your business ideas with them and allow their perspective to develop the idea further.
- Interact with other entrepreneurs: evaluate their businesses to see which ideas could work in your case.

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## Activity 3



Group Discussions (10 minutes)



Work in groups of five and brainstorm around these issues:

1. Outline the types of ideas you can get from other entrepreneurs, family and friends, trade journals and magazines.
2. What other source has each of the group used in the past to source ideas?
3. Just from your conversations with the group, have you thought of any new ideas?

## Methods for Generating New Agricultural Ideas

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Ideas are abstract and need to be converted into reality. One needs to use specific methods to walk the dream. You also require details. The next steps once you have identified a good idea are:

- Read widely on your idea. Seek out as much background knowledge you can.
- Discuss your idea with friends and family. What impact will it have on them and on you?
- Research the details on your idea. What needs to be done to get it off the ground?
- Test ideas on a limited scale.

### Activity 4

Case Analysis (5 minutes)

Review the case study again and reflect on these issues in your journal

1. In reference to Mwalimu Njuguna's case, identify how he converted his ideas into reality.
2. In your own experience, have you ever 'walked the dream'? Reflect how your journey was different from the way as suggested above.

See Feedback section at the end of this lesson for answers and comments about Activity 4

## Conclusion

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In this lesson we have discussed how you can develop an entrepreneurial mind and we have learnt how Mwalimu Njuguna developed the ideas to start his small scale dairy farm. Some say entrepreneurs are born and this is true to an extent. Some people identify new business opportunities almost innately. It is, however, possible to coach yourself with a little guidance to become entrepreneurial. Hopefully, the following lessons will help in this regard.

## Summary

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In this lesson we have learnt that entrepreneurship plays an important role in economic development. Namely:

- creating employment;
- raising living standards;
- increasing national savings reserves and
- the provision of goods and services.

We have also seen that the following strategies and sources are good when identifying a business idea:

- Keep an idea files or note book.
- Read newspapers and magazines.
- Subscribe to trade journals.
- Talk to friends, family members.
- Interact with other entrepreneurs.

To develop the idea further it was advised that you,

- Read widely on your idea.
- Discuss your idea with friends and family.
- Research the details on your idea.
- Test ideas on a limited scale.

# Glossary

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## **Entrepreneur**

An entrepreneur is a person who has possession of a new enterprise, venture or idea and is accountable for the inherent risks and the outcome.

<http://en.wikipedia.org/wiki/Entrepreneur>

## **Entrepreneurial venture**

A business idea that has evolved into a real business

## **Entrepreneurial opportunities**

These are potential areas within the economy that with some resources, insight and effort could develop into a profitable business.

## **Venture capital**

Venture capital (VC) is financial capital provided to early-stage, high-potential, growth startup companies.

[http://en.wikipedia.org/wiki/Venture\\_capital](http://en.wikipedia.org/wiki/Venture_capital)



## Feedback

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### Feedback Activity 2

*Employment:* Njuguna requires support at the dairy

*Living Standards:* He earns considerably more than he was earning as a teacher and he also pays his staff.

*Goods & Services:* Milk, insemination services, teaching dairy skills.

*Savings:* Not discussed directly but he possibly does save some of his earnings.



### Feedback Activity 4

Njuguna started small supplying milk to colleagues and it was once he had seen the market expand that he began to increase production. He has steered away from large loans and today boasts he is completely self-financed. He has made extensive use of extension services and programmes in order to learn new things and modern techniques. As a consequence of one of these programmes he has learnt to breed selectively to increase yields and decrease the number of cattle he must maintain.