

Top 5 Critical Success Factors for Entrepreneurial Economies

Improving Business Start-up and Entrepreneurship

The strength of an economy is often judged by the level of successful business start-up's , the culture and supports that exist to facilitate innovation and enterprise. Ideas for new businesses are ten-a-penny (many) but converting an idea to a successful enterprise is less frequent. In many ways it's a numbers game we want to create an environment where business ideas are frequent, where these ideas are tested and where appropriate converted into successful ventures. We need to understand the relationship between Ideas, Inventions, Innovations and Enterprise. Failure to understand this set of relationships is often a cause of failure at an individual level and at an economy level.

A Study by the University of Tennessee showed that the average failure rates for start-ups (i.e. they are no longer in existence) is 25% Year 1, 36% Year 2, 44% Year 3 and 51% Year 4. A small percentage improvement in success rates can have a significant knock on benefit for an economy in terms of output and employment.

Intelligentorg.com's research and experience have identified the top 5 critical success factors that can influence the success rates for business start up's. These are as follows:

- *Attitude*
- *Education*
- *Agility*
- *Eco-System*
- *Advantage*

Let us consider each briefly

Attitude

The individual's attitude to risk, reward and starting a business is fundamental . We often group the visionaries in the category of Entrepreneur as a relatively small group of individuals and everyone else into the category of employee. This is a rather blunt instrument and we miss the fact that there is entrepreneurial talent available to be released. Societies attitude to risk taking, success and failure is also a critical success factor, it influences the individuals attitude to releasing their entrepreneurial talent. So attitude is a critical success factor changing the individuals attitude towards risk and societies attitude towards failure.

Education

"Traditional model for teaching entrepreneurship are static and deterministic with a focus on the business plan" says Professor Piero Formica one of Europe's leaders and innovators on entrepreneurship. Our education system needs to teach the broad range of technical and

managerial skills and theories , however it also needs to teach more experimental and agile approaches that encourage the entrepreneur to test, trial, learn and adapt. Our global environment is dynamic and varied and the context for every start up is different. Improving the level of entrepreneurial activity can also be helped by ensuring our education system allows for the practical element of experiencing entrepreneurial activity. Many Universities now collaborate with government and the private sector to put in place incubation centres which are closely linked to the educational process. So improving what we teach and how we teach entrepreneurship can stimulate more start-ups and successful outcomes.

Agility

Agility is about doing the right things, the right way at the right time. Traditional models for starting a business suggest a plan, with deliverables, milestones and activities. Agile models though they need to operate within some form of sequential framework focus on data, information and learning milestones which determine the activities, focus and deliverables. Agile models are much more responsive and adaptable and focus the entrepreneur on customers, markets and value proposition in a way that requires true engagement testing and refinement. So the entrepreneur does not blindly follow a plan or set of steps but rather learns and builds within a framework.

Eco-System

We know there is a wide variety of skills , knowledge and resources required over the start-up life cycle and the stronger the entrepreneurial eco system is the more likely we will create successful new enterprise and create value in the economy. We only have to look at Silicon Valley to see a strong technology system continually spawning out new successful ventures , it explains the size of the Californian economy. So ensuring that the core sources of materials, information and support from both the public and private sector aligned with Research and Education can have a powerful impact on entrepreneurial success.

Advantage

An entrepreneurial venture will only be successful if it has advantage in its market, Advantage puts one in a favourable or superior position compared to alternative courses of action. Sources of Advantage, managed to create Market Advantage, enables uniqueness which can be converted to value experienced by the customer and value created for entrepreneurs. This is equally true for economies as it it's for the individual entrepreneur. So by identifying potential advantages their sources, creating, proving, securing, leveraging and changing these advantages can we become leaders and create economic value and success.



Summary

The top 5 CSF's are all inter-related in a sense attitude is an outcome, its behavioural, cultural and environmental. Government policy and investment can stimulate the creation and growth of an ecosystem having identified the sources of and global advantage that exists or can be created which will fuel the ecosystem. Education is a key component as we want to feed entrepreneurs into the ecosystem as the catalysts to creating successful new enterprises.