

## Entrepreneurial Skills. Experience, a New Economic Offer in Business

~ Ph. D. **Cristina Bolcaș** (*Faculty of Business and Administration, University of Bucharest, Romania*)

E-mail: [cristina.badeabolcas@yahoo.com](mailto:cristina.badeabolcas@yahoo.com)

~ Ph. D. Associate Professor **Vladimir-Codrin Ionescu** (*Faculty of Business and Administration, University of Bucharest, Romania*)

E-mail: [vladimir-codrin.ionescu@faa.unibuc.ro](mailto:vladimir-codrin.ionescu@faa.unibuc.ro)

**Abstract:** *The dynamics of the business environment has led to a growing competition. Everyone dreams of their own business. The question is: how do I create a business and how do I develop it? Do I have entrepreneurial skills? Given the decline in purchasing power, one of the most sensitive aspects of the economic system is also emphasized: the price. The difference between companies lies in the service provided for consumers as an additional element for purchasing the product. A new type of economic offer appears: the experience, which represents the quality of the time that the consumer spends with that company. What you sell is the very experience. Experiences are a new source of value and are events that involve people at a personal level. The new offer of experiences occurs whenever a company intentionally uses its services as a stage and its goods as stage props in order to involve a client.*

**Keywords:** entrepreneur, innovation, entrepreneurship, entrepreneurial skills.

**JEL Classification:** L25, M21, O16

## 1. Introduction

In the market economy system, the enterprise is a complex and ever changing reality, both in the national economy and in the world economy and globalization. The enterprise as a link of the economic and social system has a specific functionality in the context of achieving the progress of society.

The importance of studying the enterprise as a legal entity also stems from the words of Virgil Madgearu who argued that "the science of enterprises must be the leading edge of the education program because all the branches of business science converge to the same point: the research of trade, industry, banks and transport enterprises". [3]

Treating entrepreneurial issues requires approaches related to the economic growth of nations in the process of sustainable development.

Entrepreneurship is the process of creating a new business that brings many benefits to the society and enterprisers, but it definitely does not fit all persons.

According to Peter Drucker (1985), entrepreneurship is the creation of a new organization, without taking into account the organization's ability to support itself. [2]

To be entrepreneurial, an enterprise has to have special characteristics over and above being new and small. What is "entrepreneurial" in this business is not that it is new and still small (though growing rapidly). It is the realization that castings of this kind are distinct and separate; that demand for them has grown so big as to create a "market niche", and that technology, especially computer technology, now makes possible the conversion of an art into a scientific process.. They create something new, something different; they change or transmute values. An

enterprise also does not need to be small and new to be an entrepreneur. [2]

The entrepreneur is the person willing to take risks and devote effort, skill, courage and time to starting their own business. He sees opportunities where others fail to notice them.

The entrepreneur knows best that in a market economy, one who has a good idea and capitalizes it properly wins, and whoever has a bad idea can lose, this being a knowledge-based process. [4]

Surprisingly, not only the intellectual education is the mainstay for success, but also the emotional education. Not the most intelligent people become rich, but the most determined, those who know to have great dreams and are able to create and at the same time to follow slow, but sure steps to accomplish them.

## 2. An entrepreneur's skills

The entrepreneur is a man of initiative, skill and courage who invests in his business money, energy, health, time, who has a precise destination, aware of the purpose he wants to achieve. He is the one who manages the resources needed to operate a business based on innovation.

There are several reasons why a person might decide to enter the entrepreneurial process. These are:

a) Independence, because the entrepreneur is his own employer, chooses his customers, suppliers and the products or services that he will offer.

b) Social status, because a good entrepreneur will enjoy other persons' esteem and recognition of his success.

c) Personal satisfaction; because the

entrepreneur plans, organizes and puts into practice a risky activity that inspires him and offers high satisfaction.

It is not easy raising an idea from scratch and turning it into a business, especially into a successful one.

A good entrepreneur has the following personality features:

- Full commitment: energy, much work, courage, determination, initiative spirit, perseverance, consistency, discipline and focus on the achievement of the proposed objects.
- Vision of the objectives: the successful entrepreneur has a vision and can set some goals that he undertakes to fulfill.
- Assuming risks. A good entrepreneur can take the risk when it is necessary, but he also knows how to evaluate both the opportunities and the threats of a difficult situation.
- Resistance to difficulties and uncertainty. An entrepreneur has to deal with obstacles and daily difficulties, and this is why it is necessary for him to be able to deal with disappointments too. He is also a fine analyst of problems.
- Creativity: the entrepreneur has the wisdom, the intelligence to act on specialized market segments, or to meet consumer needs that have not been covered by competition, through new products and services. He has a remarkable observational and organizational spirit.
- Attitude towards colleagues and/or subordinates – the entrepreneur has to gain the trust and respect of his subordinates, imprints firmness and integrity in actions, showing flexibility and adaptability to his collaborators' behavior.

The successful entrepreneur must be able to recognize opportunities, promote

innovation, and take the risk of running a business.

Being an entrepreneur and conducting entrepreneurial activities involves a series of satisfactions and dissatisfactions: [1]

► The possibility of unlimited profit – if successful, the entrepreneur can get a profit that would cover the borrowed capital, his talent and his own entrepreneurial and managerial capacity.

► Work safety – the entrepreneur has the advantage that he can work as long as he is able to work, without having to retire.

► Employing family members – if the business has good results, the entrepreneur can run the business with family members, thus existing continuity and a greater confidence in doing business.

► Independence or autonomy – the entrepreneur is the one who makes decisions and gives things a certain direction, set by himself.

► Independent use of accumulated capital – the entrepreneur can place his capital in his own business.

► Applying one's own knowledge and skills by finding a job that is appropriate to one's own knowledge can be a challenge due to the excess of workforce in that field. In this regard, an entrepreneur has the chance to start a business where his skills will be valued, and his knowledge will be an advantage.

► Influence and power – a business gives power to any entrepreneur, because he is the one who makes the decisions, who influences the course of action, and all these aspects create a psychological satisfaction for him.

Among the dissatisfactions that may arise in the course of entrepreneurial activity there are:

⊙ The burden of full responsibility. In the event of success or failure, the entrepreneur is solely responsible. The decisions made affect everyone: entrepreneurs, clients, employees. That is why many people prefer to work for others, thus limiting their responsibility to the work tasks in their working time.

⊙ Jeopardizing their career. In case of failure, one of the big problems encountered by some people who want to become entrepreneurs is that they will no longer be able to return to their old work place, especially if they had a well-paid job.

⊙ The risk of losing the invested capital. In case of unsuccessful business, the loss of important amounts of money may be a problem.

⊙ Calling on experts. As an entrepreneur cannot be a connoisseur in all fields of activity, he will have to call on experts, and this may cause damage to their spirit of interdependence.

⊙ Highly loaded work schedule.

⊙ Impairment of health.

⊙ Possible deterioration of family relationships.

Developed in the early 1980s, the McKinsey 7S Model, proposed by Thomas J. Peters and Robert H. Waterman Jr. and published in the paper *In Search for Excellence*, brings to attention the factors that a good entrepreneur has to take into account. Success does not only depend on the quality of strategic options, but it is the result of the interaction between 7 independent strategic variables: [5]

o Structure of the organization (Structure);

o Strategy for segmentation and assignment of specific tasks (Strategy)

o Organization staff (Staff)

o Leadership style (Style)

o Subsystems of the organization and the functions performed by them (Systems)

o Organizational culture or values shared by the members of the organization (Shared Values)

o Skills and efficiency sources of the organization (Skills).

The McKinsey 7S model features both “hard” and “soft” elements.

The “hard” elements – Strategy, Structure and Systems – are easier to identify and the entrepreneur can influence them directly: they are reporting strategies; organizational charts and reporting lines; formal processes and IT systems.

The “soft” elements – Shared Values, Staff, Style, Skills – can be more difficult to describe, as they are less tangible and more influenced by culture. The deterioration of staff resistance to change and the change of culture are difficult to manage, especially if such change modifies the structure of power in the organization and its inherent values. However, the soft elements are just as important as the hard elements; they are the basis for the uniqueness of the organization.

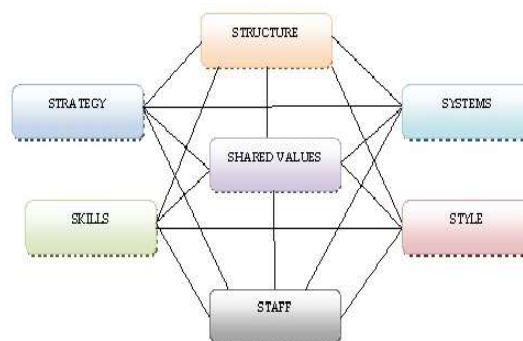


Figure 1. McKinsey 7S Model [5]

The way in which the model is presented in Figure 1 shows the interdependence of the elements and indicates how a change affects all others.

Efficiency, effectiveness and stimulating environment – they all lead to Excellence.

Some of the secrets of excellence in entrepreneurial activity are:

- Construction of a simple and adaptive structure in the business;
- Ability to listen to the customer;
- Mobilization around a fundamental value;
- Fostering autonomy and innovative spirit;
- Obtaining productivity based on staff motivation;
- General and specialist knowledge;
- Managerial training;
- Practical experience;
- Combining rigor with flexibility.

### **3. Every business is a stage and everything you do is a show. The business as theater. Experience Economy.**

The entrepreneur has to prove his visionary skills, he must always identify new opportunities to improve current products/services, current production, promotion, distribution modalities, etc. In this sense, it is very important for the entrepreneur to focus on future business development intentions.

The entrepreneur brings out his experience whenever he conquers a client, creating a personal relationship with him. The experiences are as different to services as the services are to goods.

Experiences are a new source of value and they are events that involve people at a personal level.

Here is something new: experiences have become an existing kind of economic production, yet existing inarticulately so far. Separating experiences from services, so as to discern among the things that companies create, makes possible a tremendous economic expansion – just as recognizing that services are a distinct and legitimate offer has led to a significant economic consolidation.

Richard Schechner, Professor at the University of New York, USA, puts forward the Interpretation Model [7] that makes a comparison between business and theater. The model shows that all economic offers – both experiences and basic products, goods and services – are the result of the passage of an organization from drama, through the script, to theater. Schechner [6, p. 210] defines interpretation as “an activity performed by an individual or a group in the presence of another individual or group”, a definition not only referring to the staging of theater plays, but also to the bare stage of business. In this context, he developed a valuable structure for the understanding of the different types of “mountings”, as he calls them, focused on four key concepts: drama, script, theater and interpretation.

Thus, there is equality between:

Clients = Public

Offer = Interpretation

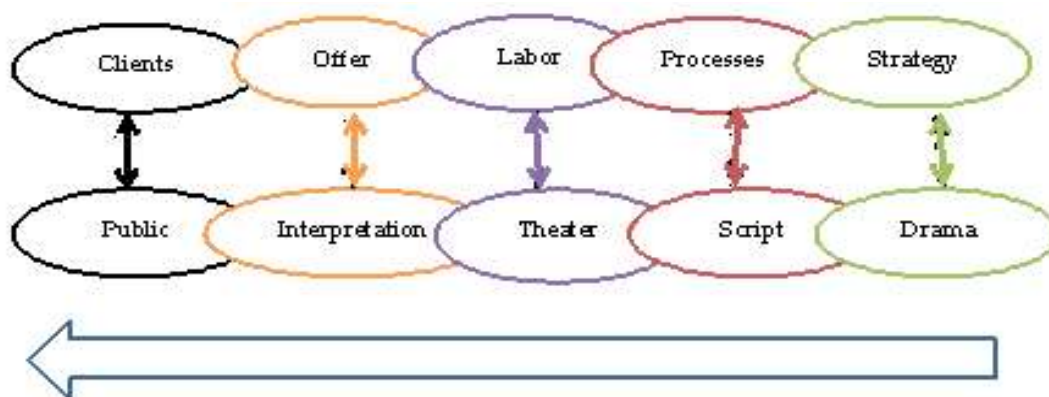
Labor = Theater

Processes = Script

Strategy = Drama

Clearly, the offer is the interpretation, the economic value that businesses create for clients.

Figure 2. Interpretation Model [7]



Source: Author's own processing

A special entrepreneur's vision is that of Walt Disney, when he conceived the original idea for Disneyland: "a cartoon in which the public sinks" [8].

What is the guideline of the Disneyland experience? Disney's proposal to potential investors in 1953 begins with a very simple, yet exciting theme, continuing to elaborate its significance in terms that are extreme real and put into practice: "The Disneyland idea is a simple one. It will be a place where people can find happiness and knowledge. It will be a place where children and parents can share cozy moments in each other's company: a place where teachers and students

will discover greater ways of understanding and education. Here, older generations will be able to relive the nostalgia of the past, and young people will be able to enjoy the challenge of the future." [6, p.99]

Addressing and developing an appropriate theme for an experience is a challenge for each entrepreneur. Developing research and identifying new markets or market segments is absolutely necessary for future business-related intentions.

What approach should an entrepreneur then choose? The economic distinctions where experience can be put into practice are identified in Table 1: [6, p.33]

Table 1 – Economic distinctions

Economic offer	Basic product	Goods	Services	Experience
Economy	Agrarian	Industrial	Services	Experience
E c o n o m i c function	To extract	To do	To deliver	To stage
Nature of offer	Interchangeable	Tangible	Intangible	Memorable
Key attribute	Natural	Standardized	Customized	Personal
Supply method	Stored wholesale	Inventory after production	Supplied on request	Revealed over a certain period



Seller	Dealer	Producer	Supplier	Director
Purchaser	Market	User	Client	Guest
Demand factors	Characteristics	Features	Benefits	Sensations

Source: Author's own processing

#### 4. Conclusions

If people have so far reduced their consumption of goods in order to spend more money on services, today they are looking for the time and money they need in order to benefit from services that will facilitate more memorable and valuable experiences.

It is becoming more and more obvious that a good business does not only offer goods or services, but also the related experience, rich in sensations, lived by the client. All previous economic offers are close to the purchaser, yet outside him, while experiences are inherently personal. They take place inside any individual who has been involved at emotional, physical, intellectual or even spiritual level. Each experience derives from the interaction between the staged event, the mood and the previous disposition of the individual.

In order to increase the motivation of a business, the entrepreneur has to focus on the four universal elements that make up the way in which, ultimately, businesses create value:

- ☉ Origin: work generates value from something new;

- ☉ Execution: work generates value from something done;

- ☉ Correction: work generates value from something improved;

- ☉ Application: work generates value from something used. [5]

The change of vision is difficult, and its implementation is even more difficult. Businesses that exist at present are based on goods or services; none has started from the idea of selling the experience. As a new economic offer, the experience is not a bonus that the entrepreneur offers to the consumer to convince the latter to buy a product or service.

In specialized literature, "the business as theater" is no longer a metaphor, it does not come to explain in a more plastic manner what a business means, but it is a guide for the latter's transformation, and the comparison between business and theater evokes a model of action, a new economic offer.

#### REFERENCES:

1. Cordos, R.C, Bacali, L si altii, (2008), *Antreprenoriat*, Ed. Todesco, Cluj-Napoca, p. 90.
2. Drucker, P, (1985), *Innovation and Entrepreneurship*, Harper Collins Publishers, New York, USA, p.15-22, p. 27.
3. Madgearu V., (1994) *Studiul practic al intreprinderilor comerciale și industriale/ The Study of commercial and industrial enterprises*, Institutul de Cercetări Economice, Profesor Virgil Madgearu, București, p. 43, după Nicolescu, O, (1992) – coordonator- Management, Ed. Didactică și Pedagogică, București, p.36.

4. **Niculescu, O, Niculescu, L.** (2005), *Economia, firma și managementul bazate pe cunoștințe/ Economy, Company and Knowledge-based Management*, Ed. Economica, București, p.44, p.105.
5. **Peters, T.J, Waterman Jr.,** (2011), *In căutarea excelenței/ In Search for Excellence*, Ed. Meteor Press, București, p.54, p.362-364.
6. **Pine II, B.J, Gilmore, J.H.** (2010), *Economia Experienței/Experience Economy*, Ed. Publică, București, p.23-45, p.33, p.99, p.210.
7. **Schechner R.** (1988), *Performance Theory*, Routledge, New York, p.72.
8. **Thomas B.,** (1994), *Walt Disney: An American Original*, Ed. Hyperion, New York, p.11-13, p.246.