

# FOSTERING THE ENTREPRENEURIAL SPIRIT



IAPMEI



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INTRODUCTORY NOTE

# The Entrepreneurial Spirit

## Concept Evolution

The concept of **entrepreneurship** is not recent, but only at the end of the 19th century was it formally defined. Although most people still associate the term with the decision of starting a business, the concept is much broader.

The denomination **entrepreneur** originated in a French dictionary with the word "*entrepreneur*", whose meaning is "**one who takes risks and starts something new**". Several authors contributed to the **evolution of the concept** (figure 1), but Joseph Schumpeter later gained popularity for associating entrepreneurship with innovation.



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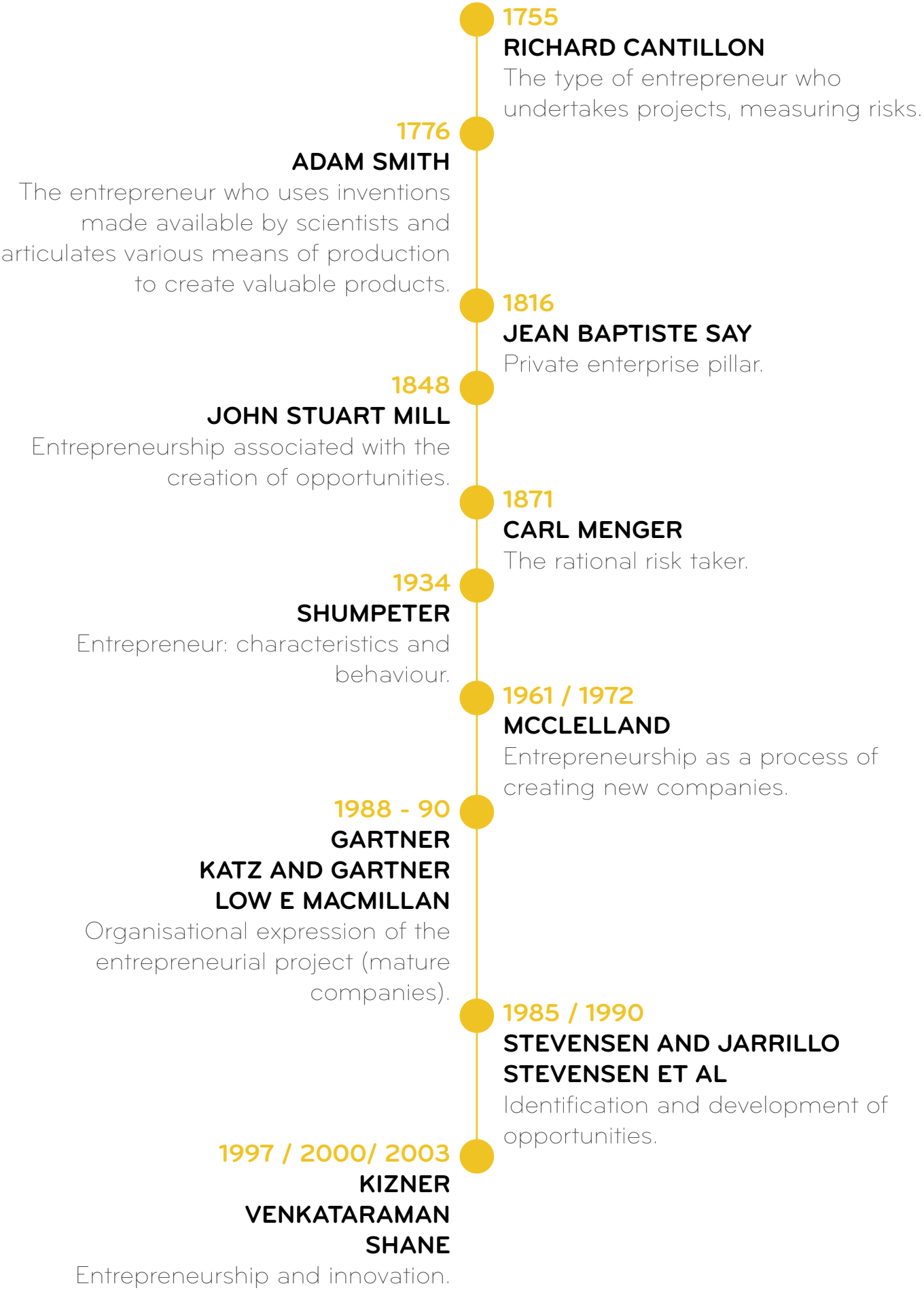


Figure 1 – Historical evolution of entrepreneurship and innovation

Over time, the definitions of entrepreneurship have taken different shapes, being, in most cases, associated either with the idea of **innovation** and **creation of new organisations** and new products and/or services or to the exploration of **opportunities**.

**Entrepreneurial activity** has gained prominence and strength in recent decades due to high unemployment rates and reduced labour market supply because of the global economic and financial crises (Parker, S. et al., 2012) (Koellinger, P. D. and Thurik, A. R., 2012).

The entrepreneur has become one of the **engines of the economy**, helping to stimulate **economic growth** through **job creation**, for themselves and others, with little initial impact, but with a strong appetite for the conception of products, services, and processes.

On the other hand, entrepreneurs are agents of **social change** as they are responsible for developing innovations that influence the way society acts.

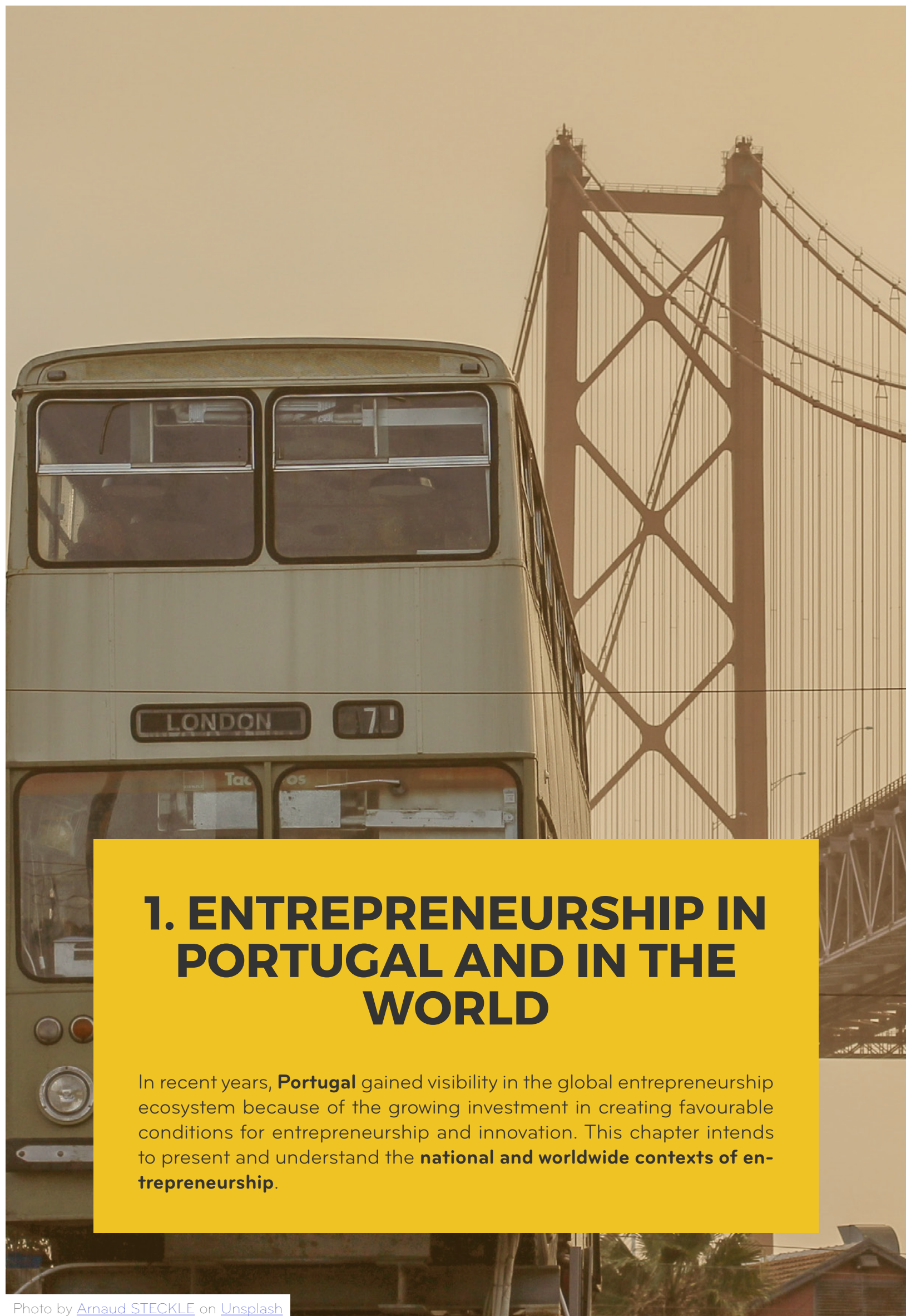
### Example

Smartphones and apps have dramatically changed the way people communicate and connect, revolutionising work and leisure worldwide.

In recent years, two more new approaches have emerged: **intrapreneurship** and **social entrepreneurship**. The first approach refers to the person who has an entrepreneurial attitude within the organisation where they carry out their professional activity, acting either in internal process improvements or changes, developing new products/services or departments/business areas (Somers, 2018), as for the second approach concerns human beings with the capacity to solve social, cultural, and environmental problems in an innovative way, promoting changes at a systemic level (Ashoka Portugal, n.d.).

Through the evolution of the concept, one can see the importance of developing an **entrepreneurial mindset** and **interpersonal skills** both in a professional and personal context. Thus, it is crucial to cultivate and improve entrepreneurial characteristics and skills, identify and gather the right resources and promote networking. All these factors will be preponderant to boost the entrepreneurial spirit.

**Keywords:** Entrepreneurship, business, entrepreneurial process, start-ups, organizations, entrepreneurial skills, entrepreneur characteristics, innovation, products, services, processes.



# 1. ENTREPRENEURSHIP IN PORTUGAL AND IN THE WORLD

In recent years, **Portugal** gained visibility in the global entrepreneurship ecosystem because of the growing investment in creating favourable conditions for entrepreneurship and innovation. This chapter intends to present and understand the **national and worldwide contexts of entrepreneurship**.

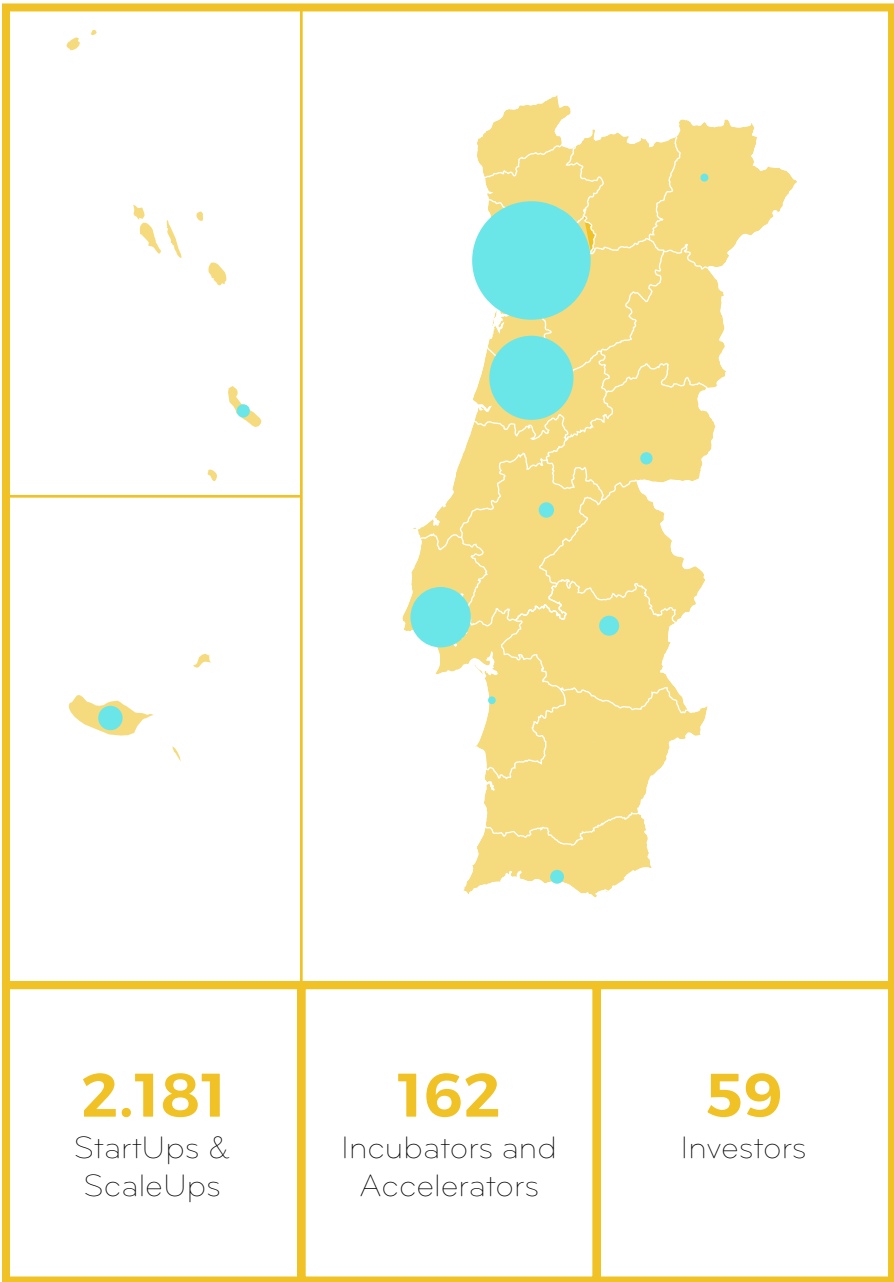
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# 1.1. Cultural, legal, and economic context

The cultural, legal, and economic characteristics of any territory impact entrepreneurial activity, which, in turn, contributes significantly to that context, being a fundamental component in an increasingly global and competitive market economy.

The national entrepreneurship ecosystem (figure 1.1.) is currently represented by **2,181 start-ups & scaleups, 162 incubators and accelerators**, and **59 investors**, with a strong focus on the Lisbon metropolitan area and northern and central regions of the country. The construction of this ecosystem has been undergoing changes over the last years, reinforced by both national and European public policies (Startup Hub, 2021).



In Portugal, a [StartUP Portugal, National Strategy for Entrepreneurship](#), has the mission of strengthening and boosting the ecosystem. The investment made has motivated the increase of start-ups and incubators, the growth of technology companies, and the Portuguese ecosystem has gained international notoriety, attracting new investors and multinational technological competence centres.

The [Web Summit](#) – “the largest technology conference on the planet” (Forbes, 2021) – **held annually in the Portuguese capital since 2016** to this date, has contributed significantly to national visibility and to accelerating and proving changes in the dynamism of the Portuguese innovation ecosystem.

Moreover, Portugal took on the seat of the [European Entrepreneurship Framework](#), which seeks to stimulate the growth of the European entrepreneurial ecosystem by attracting more investment, providing better information, and strengthening the European brand (Government of Portugal, 2021a).

Figure 1.1. – Geographical concentration of the national entrepreneurship ecosystem




## CoViD-19 impact

Inevitably, the CoViD-19 pandemic played a rather relevant impact on the entire entrepreneurial ecosystem.

The immediate impact of the CoViD-19 pandemic was evident, generating significant changes, such as the **growth in digitalisation** both in the public and private sectors, derived from the obligation to work at a distance, which opened doors to new ways of working, and the increase **in the online presence** of services once provided physically (schools, gyms, events, companies in various sectors of activity). All these changes forced an increase in online business models and the **adaptation of business models** to meet needs which drove investment in new markets and technological development. A year

### Example

 [Ivity Brand Corp](#) is a brand management and design company that, because of the very sharp drop in sales during the pandemic period, took advantage of internal skills and fully adapted the business to the sale of masks, creating Portuguese Mask (Marketing FutureCast Lab, 2020).

**The most uncertain and challenging periods are  
“catalysts for the creation and growth of  
start-ups”**

(EY & SAP, 2021)

and a half after the pandemic, a StartUp Portugal study revealed that **71.8% of the start-ups were operating normally** and were optimistic about an economic recovery. Most start-ups (57%) considered that **the pandemic had a lot or a fair amount of impact on their activities**, mainly in sales reduction, adjournment or delay of projects, and adjournment of investment. Nevertheless, 42.3% confirmed that the crisis generated **new business opportunities** (Startup Portugal, 2021).

Several support actions were launched as a government response to the impacts of the

pandemic, in which the focus was on keeping companies operating (even if partially) and jobs active (Government of Portugal, 2021b).

Although the economic conditions are not favourable to intense entrepreneurial dynamics, they may well be a solution to the crisis. Moreover, Europe in general, and Portugal in particular, was committed to establishing the conditions to encourage entrepreneurship by creating a progressively clear legal context and **a culture more and more conducive to innovation and to the development of new projects and businesses.**

Entrepreneurship is deeply rooted in the vocabulary of Portuguese policymakers as a way to solve unemployment issues, yet the “fear of failure” endures.

More than half of those who see good

opportunities (knowledge, skills, and experience) to start a business would not do so because of **fear of failure** (Bosma *et al.*, 2021), representing a barrier to entrepreneurship, as well as recurring challenges of inefficiency due to bureaucracy and high taxes.



Photo by [Christian Lue](#) on [Unsplash](#)

The main European measures for fostering entrepreneurship (European Commission, 2021a) are:



- **Supporting EU citizens** by improving the entrepreneurial capacity of European citizens and organisations, by promoting learning and entrepreneurial mindsets, as presented in the [European Entrepreneurship Competence Framework \(EntreComp\)](#);
- **Supporting entrepreneurs** by creating an environment where entrepreneurs can flourish, encouraging start-ups, business transfers, insolvency, and second chances;
- **Supporting specific groups** whose entrepreneurial potential has not yet been fully exploited, such as women and young people, through entrepreneurship learning and Erasmus for Young Entrepreneurs.



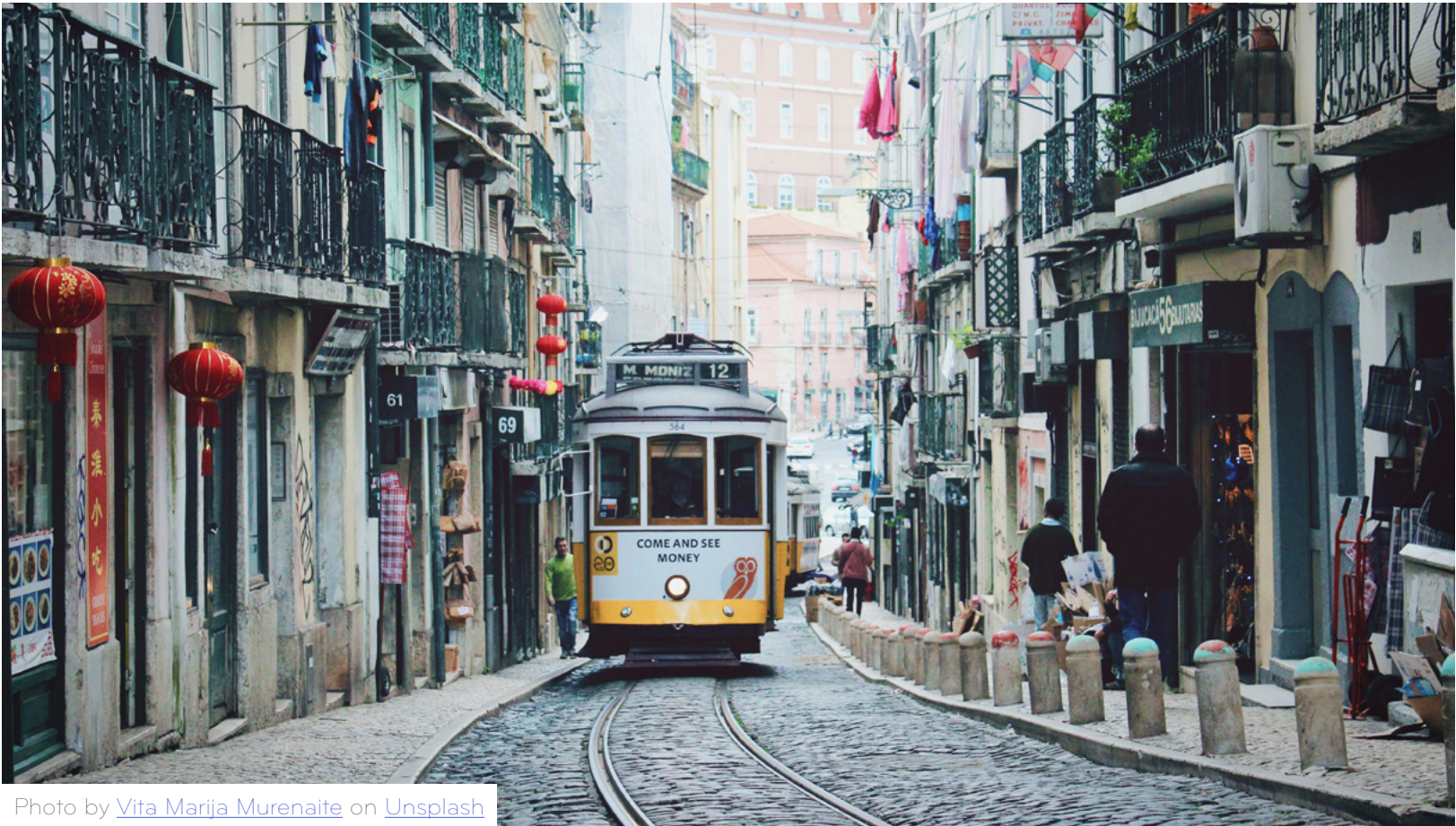




Photo by [Vita Marija Murenaite](#) on [Unsplash](#)

In Portugal, public policies designed specific instruments to strengthen entrepreneurship (IAPMEI, 2021a). Some of those instruments were pre-existing to the CoViD-19 pandemic, such as:

STAND UP	START UP	SCALE UP
<div>An instrument to promote entrepreneurship and stimulate the emergence of new ideas, new projects, and new talents through the <a href="#">StartUP Voucher</a>.</div>	An instrument to empower national talent and improve skills through the <a href="#">StartUP Visa</a> and <a href="#">Vale Incubação</a> .	an instrument to ensure financing conditions for new companies necessary for their development through <a href="#">Tech-Visa</a> and <a href="#">SI Entrepreneurship Qualified and Creative</a> .

 In addition to this, [StartUP Portugal](#) (StartUP Portugal, 2021) brings together information from and for the entire entrepreneurial ecosystem and, in 2020, the Portuguese government launched specific measures to support the entrepreneurial ecosystem (Government of Portugal, 2020) as a recovery of economic activity in the wake of the pandemic.



## 1.2. Education for entrepreneurship

**"Education for entrepreneurship should be encouraged and should contemplate the active participation of organisations, citizens, companies and other stakeholders."**

(DGAE<sup>1</sup>, 2021)

Entrepreneurship and all its associated skills are valuable for **the personal and professional development** of any person, as they are fundamental to ensuring the competitiveness of the territories and the growth of both regional and national economy.

 In this context, in 2016, the European Commission published a [European Entrepreneurial Skills Framework - EntreComp](#) (European Commission, 2021b) to improve the entrepreneurial capacity of European citizens and organisations, highlighting the opportunity to be entrepreneurial in any situation, e.g., from the school curriculum to workplace innovation, from community initiatives to applied learning in higher education (polytechnics and universities).

 [Projects promoting entrepreneurship education in Europe](#), have also been launched, and funding opportunities have been opened at the European level through the [Erasmus + Programme](#), [European Structural and Investment Funds](#) and the [COSME Programme](#) (European Commission, 2021c).

At a national level, entrepreneurship education started in the early 2000s, although many European countries have been implementing entrepreneurship education programmes since the 1990s.

The first National Plan for Entrepreneurship Education (NPEE) emerged in 2006 and aimed at promoting entrepreneurial actions in primary and secondary schools. **Currently, while in higher education entrepreneurship is taught through a subject, at lower qualification levels it is instilled through local intervention programmes** (Imaginário *et al.*, 2014).

### Example

The Science to Market (S2M) course was a three-month initiative funded by the Foundation for Science and Technology. This course brought together higher education students from various scientific areas to develop their entrepreneurial skills.

At the beginning of the course, the participants were distributed in multidisciplinary teams and challenged to develop a dossier containing the innovative technical-scientific features, the business plan and a pitch to present to a jury.

<sup>1</sup>Direção Geral das Atividades Económicas

### 1.3. Portugal’s position

Portugal is internationally renowned for its thriving entrepreneurial ecosystem and its constant promotion of technological development and innovation.

According to the [SBA Fact Sheet 2019](#), which presents the set of common indicators across the European Union (EU), Portugal is **above the EU average in entrepreneurship and environment, second chance, responsive administration and skills and innovation**. However, despite some positive developments, Portugal still ranks below the EU average, considering finance criteria, internationalisation, state support, and public procurement (Government of Portugal, 2019).

NORTH AMERICA IS THE BEST ECOSYSTEM FOR START-UPS, FOLLOWED BY EUROPE. ASIA IS SHOWING STRONG GROWTH AND GETTING CLOSER.

PORTUGAL'S POSITION IN DIFFERENT RANKINGS			
12°	12°		
EUROPEAN INNOVATION SCOREBOARD (2020)	THE GLOBAL STARTUP ECOSYSTEM REPORT (2020)		
List of highly innovative countries	Lisbon considered to be an emerging ecosystem among 270 analysed		
29°	38°		
DOING BUSINESS REPORT (2020)	GLOBAL ENTREPRENEURSHIP MONITOR (2019/2020)		
Ease of doing business in 190 countries	National Entrepreneurship Context Index (NECI) for 54 economies		

[Doing Business Report \(2020\)](#) According to the World Bank Portugal is in **39<sup>th</sup> place out of 190** countries for **ease of doing business**.

[European Innovation Scoreboard](#) In 2020, Portugal joined the list of **"strongly innovative" countries**, reaching the **12<sup>th</sup> position**. Until then, it had only maintained an evolutionary position amongst the "moderately innovative" countries. In 2021, however, Portugal registered an abrupt drop in the ranking, returning to this previous category.

[The Global Startup Ecosystem Report 2020 Doing Business](#) Lisbon was considered the **12<sup>th</sup> most emerging ecosystem for start-ups among 270 cities analysed**.

[Global Entrepreneurship Monitor \(GEM\) 2019/2020](#) Despite a positive evolution, Portugal still has a long way to go considering its performance in terms of entrepreneurship when compared to other countries.



## 2. MOTIVATION FOR ENTREPRENEURSHIP

People who undertake entrepreneurship have one or several reasons that inspire them in their quest. In this chapter, we discuss the classic dichotomy between necessity *versus* opportunity and we identify other motivations for people to undertake entrepreneurship.

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## 2.1. Context

Whoever undertakes an entrepreneurial project has one or more reasons that encourage a decision to move forward with the entrepreneurial project.

**Motivation** establishes the link between intention and action, acting as a stimulus to transform a latent intention into an action that drives entrepreneurship (Krueger & Carsrud, 1993, cited by Kim-Soon, Ng. et al., 2020). Therefore, it is essential to identify, understand, and analyse those motivations for entrepreneurship since they give rise to the intentionality to undertake and, consequently, to behaviour.

Entrepreneurs' behaviour is influenced by motivation in three ways (Locke, 2000), namely:

- **Choice** (i.e. the path to follow);
- **Intensity of the action** (based on the given value and importance);
- **Persistence** (of the action).



Photo by [Austin Distel](#) on [Unsplash](#)

**"What is my biggest motivation? Just to keep challenging myself. I see life almost like a long university education that I never had every day I learn something new."**

Richard Branson, founder of Virgin Group  
(Economy, 2015)

## 2.2. Opportunity versus Necessity

Several authors investigate motivations over the years.

The most traditional views of entrepreneurial motivations categorise them by **necessity** – called by other authors as **push** – or by *opportunity* – or **pull**. In other words, there are people who become entrepreneurs because it is the best option available, while others want to become entrepreneurs because they have identified an opportunity in the market.

People who have been unemployed for some time may find entrepreneurship the only option to return to an income, seeking to avoid the lack of employment opportunities (Mota *et al.*, 2019), rather than creating an innovative busi-

ness. Family-related issues (e.g., having a more flexible work schedule to support a sick family member) may also motivate entrepreneurship out of necessity.

The motivation to undertake, whether out of necessity or opportunity, is strongly linked with the socio-economic conditions of entrepreneurial people (e.g., age, education and household income) (Mota *et al.*, 2019).

One of the references to these two types of entrepreneurship was made by the GEM 2001 report (GEM, 2001), which lists several motivations that are considered a need, and others, in turn, thought of as an opportunity to move forward with an entrepreneurial project (table 2.1.).

Table 2.1. Motivations for entrepreneurship: necessity versus opportunity

EXAMPLES OF MOTIVATIONS TO UNDERTAKE OUT OF NECESSITY	EXAMPLES OF MOTIVATIONS TO UNDERTAKE OUT OF OPPORTUNITY
(Push entrepreneurs)	(Pull entrepreneurs)
<ul style="list-style-type: none"><li>• Unemployment;</li><li>• Dissatisfaction with a current job;</li><li>• Few opportunities for career progression;</li><li>• Family matters.</li></ul>	<ul style="list-style-type: none"><li>• Business idea;</li><li>• Greater independence;</li><li>• Possibility of earning a higher income;</li><li>• More flexible working hours.</li></ul>

US guide Guidant Financial, in its report on *Small Business Trends 2021* (Guidant Financial, 2021), identified that most entrepreneurs choose to start their own business because they feel ready, while 17% chose to undertake entrepreneurship because they are dissatisfied in their job. On the other hand, 16% said they decided to start their business so that they could follow their passion.

### Example

In 1994, Manuela Medeiros opened a shop in the heart of downtown Porto, with fashion accessories inspired by what she observed on her trips to London. Manuela identified the opportunity to democratise trends and make fashion accessible to all women. **Parfois** was born and was considered a revolution in its area of business. More than 25 years later, it has around a thousand shops all over the world, more than 300 in Spain, 143 in Portugal. And a multiplicity of fashion items of the feminine universe (Oliveira, S. D., 2021).



## 2.3. Correlation between various motivation

Motives for entrepreneurship may **change over time** (Carsrud, 2011). For example, a person who wants to become an entrepreneur to increase income may later find their motivation in developing a business that is more concerned with its social and environmental impact.

The **environment** in which people operate can also alter their motivations. Sarkar (2014) notes that a part of the population is born entrepreneurial, while another part is influenced by extrinsic factors, specifically education and culture. The remaining world population will never be entrepreneurial (figure 2.1.).

According to the same author's view, developing an **entrepreneurial culture** and **education for entrepreneurship** in society is key to **increasing the motivation and number of people who undertake entrepreneurship**.

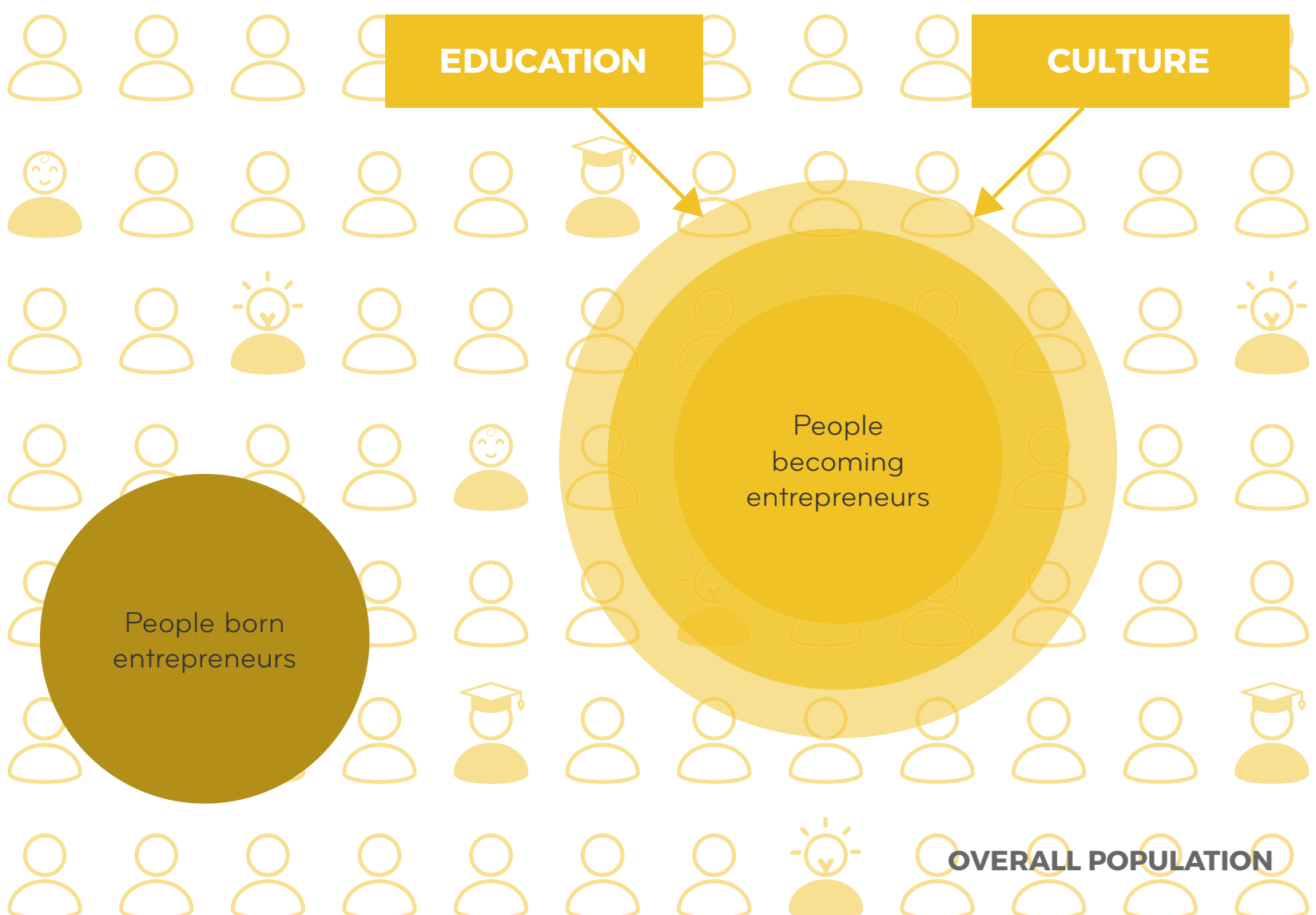


Figure 2.1. Distribution of entrepreneurial people in society (adapted from Sarkar, S. (2014)).

Still, within this scope, other authors (Santosh, 2021) have characterised two types of factors that motivate people to undertake entrepreneurship, as shown in table 2.2.

Table 2.2. – Internal and external factors that motivate people to become entrepreneurs (adapted from K. Santosh, 2021)

INTERNAL FACTORS	EXTERNAL FACTORS
(associated to personal interest)	(associated to external rewards)
<ul style="list-style-type: none"><li>• Passion for the area in which the project is inserted,</li><li>• Willingness to create and innovate,</li><li>• Willingness to become independent and autonomous,</li><li>• Recognition for their contribution in the area of activity,</li><li>• Dissatisfaction and/or non-conformity with something and desire to change,</li><li>• Influence from third parties considered as role models,</li><li>• Training and experience in a given area.</li></ul>	<ul style="list-style-type: none"><li>• Government programmes to support entrepreneurship,</li><li>• Availability of resources: raw material and human resources,</li><li>• Incentives from large companies,</li><li>• High demand (expected or real) for a certain product or service with low supply in the market.</li></ul>

Karabulut (2016) also mentions that aspects such as personal fulfilment and risk tolerance are personality traits that positively affect the motivation to entrepreneurship. Thus, if a person intends to become an entrepreneur, he or she should seek to improve these traits to have a successful experience.

All approaches to motivations to entrepreneurship pursue to help those who have already undertaken – or those who intend to undertake – to answer the following questions:

- Is entrepreneurship an option? Will it enable me to achieve my goals?
- Is entrepreneurship achievable? Do I have the skills and characteristics needed to succeed in entrepreneurship?

Motivation is what makes a person wake up every

day to work, regardless of the type or area of business. If at some point the person perceives that they are not motivated, they should stop, analyse, and question, “am I doing what I really like? Is this feeling permanent or is it just associated with a particular less enjoyable task?” (Johnson, 2014.)

Example

Isabel Passos founded Crachá Wedding Agency following the approval of an application to [Investe Jovem](#), supported by the Institute of Employment and Vocational Training, to create her own business.

Isabel’s company organises events, and her main clients are foreigners who want to get married in Portugal. Isabel shared more about her story in the following [video](#).



A photograph of a woman with dark, curly hair, seen in profile from the chest up. She is looking upwards and to the left, her expression contemplative. She is wearing a white t-shirt and a small hoop earring. The background is a blurred city skyline at dusk or dawn, with warm lights from buildings and streetlights creating a bokeh effect. The sky is a soft blue and orange.

### 3. THE SKILLS OF THE SUCCESSFUL ENTREPRENEUR

In this chapter, we present characteristics that are common to various entrepreneur profiles and activity sectors. We will also refer to the future skills defined in the annual report *The Future of Jobs*, by the World Economic Forum (2020), which are very similar to entrepreneurial skills.

Photo by [Jeffery Erhunse](#) on [Unsplash](#)



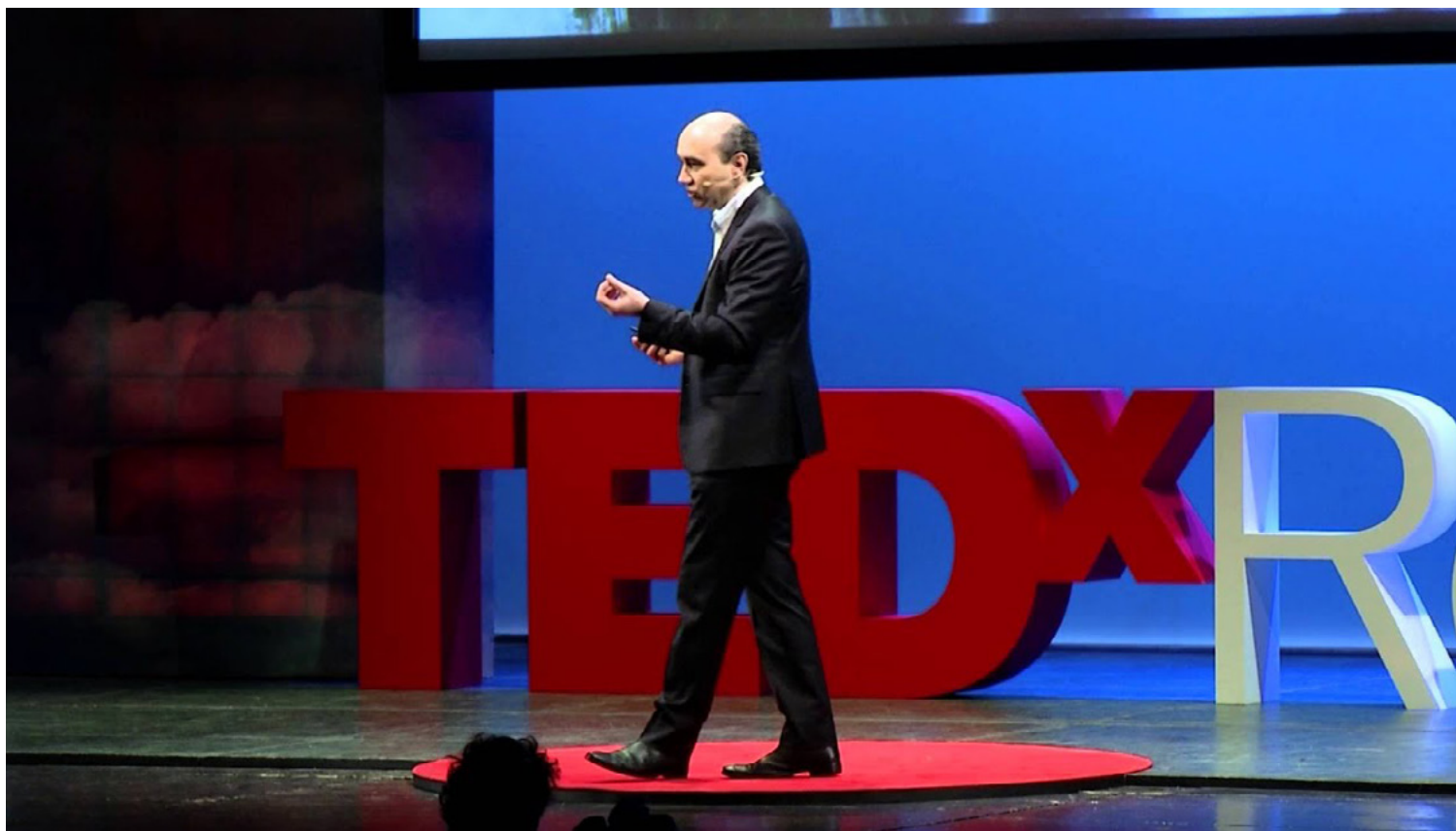
### 3.1. Entrepreneurial characteristics

According to data from the GEM report (2019), 19.8 % of the Portuguese have **intentions to become an entrepreneur**, and 61.4 % consider that they have the **characteristics and knowledge to become an entrepreneur**, with the rest having other purposes.

Despite this high percentage, there are still many people who wonder what these characteristics are. The main entrepreneurial qualities consider eight axes, namely:

#### Creativity and innovation

The path to entrepreneurship starts with an idea. Thus, successful entrepreneurship requires the ability to "[think outside the box](#)" (TED,2014)", i.e., to think about how one can do it differently from others or what one can improve on an idea that already exists.



According to a study by Hatthakkijphong, P. and Ting, H.-I. (2019), people who have undertaken or intend to undertake entrepreneurship consider this characteristic, associated with creativity and innovation, to be fundamental in the act of entrepreneurship, along with business management. However, aspiring entrepreneurs placed greater emphasis on creativity and innovation, which may reveal a tendency of the next generation of entrepreneurs to develop more innovative products and services when compared to the current generation.

## Passion

Passion is the **common characteristic** of those who undertake entrepreneurship – and perhaps it is the most important of them all because, without passion, there is no motivation to work, no dedication, no commitment. Since people spend much of their time working, it is important that they do what they are passionate about, and this is the foundation of those who want to be entrepreneurs (Vaynerchuk, 2018).

It is essential that this **passion** – for the concept, the product, the service, or the process – does not make it impossible to focus on other relevant aspects linked to the management and growth of the organisation. One moment, one can be very involved in the development of a product, a service, or a process and, after a few months, it becomes impossible to pay the bills. The balance between passion and the commitments of a project or a start-up is crucial.

## Perseverance

Entrepreneurs dedicate many hours to their projects and work hard to make them successful. Since one is his own boss, it is vital that one keep motivated and take control of the time and how it is distributed over the various stages of the project.

Throughout the process, **not everything always goes according to the plan**, and one needs to be **perseverant** to face the **challenges** and minimise their **consequences**. It is crucial to identify milestones over time, analyse the schedule, and check if everything is going as planned to mitigate some delays and propose the necessary corrections to the project.

## Self-confidence

Entrepreneurs are generally quite **optimistic** people and rarely think negatively. When facing a problem or a doubt, entrepreneurs usually regard it as a **challenge or an opportunity to do more and to do better**.

Self-confidence is an essential characteristic to be able to overcome challenges, take risks, and be persistent.

## Planning and management

Regardless of the type of project to be developed, the entrepreneur needs to work on his or her **planning** and **management** skills to accomplish daily **tasks** and **challenges**, increase productivity and not lose **focus**.



Examples of applications for planning and management



## Risk-taking

Successful entrepreneurs are willing **to take calculated risks**, *i.e.*, take actions that meet their goals. Even if the consequence of that risk is not successful, they tend to look at failure as an opportunity to learn and improve.

**"The biggest risk is to take no risk at all... In a world that is changing so rapidly, the only strategy that is guaranteed to fail is to take no risk"**

Facebook founder Mark Zuckerberg said in an interview with Y Combinator (Y Combinator, 2016)



## Communication

**Communication** is a skill that assumes high importance when it comes to creating a project and the management of a start-up or organisation, and it plays an essential role in the ability to **persuade** investors (through a **pitch**) to finance one's projects and in how to communicate with employees, suppliers, partners, and customers.

Besides, as Covey (2014) mentions in his book *The 7 Habits of Highly Effective People*, it is equally important to maintain **active listening** during interactions to make communication even clearer, more effective, and efficient.

## Flexibility

The process of entrepreneurship is often triggered individually and without the financial capacity to hire a team to support the initial phase of the project. This means that entrepreneurs have to take on **different roles throughout the day**, such as secretarial, accounting, IT, design, among others, which require a high degree of flexibility for anyone.

Moreover, in the beginning, it is not easy to find a perfect formula for managing an entrepreneurial project (Hayes, 2021). Even with much experience and well-defined and planned objectives, it is essential that the entrepreneur remains flexible and makes occasional adjustments over time in the search for optimising one's project.

### 3.2. Manager *versus* entrepreneur

The manager profile and the entrepreneur profile are often confused, although there are differences in the characteristics of both.

The entrepreneur **creates something from a business idea**, while the manager **manages an existing business** (Surbhi, S., 2021).

In the long run, an entrepreneur (as his company grows) can become a manager, but even then, there are differences between them (table 3.1.).

Table 3.1. – Differences between the entrepreneur profile and the manager profile  
(adapted from QS Study, 2021)

ENTREPRENEUR	Definition	
	One who starts a project from a business idea	One who runs an existing business
	Creativity & innovation	
	High	Low
	Focus	
	Focus on starting and developing one or more business ideas	Focus on the daily management of a business
	Reward	
	The profits one makes after all his or her efforts	A monthly salary
	Posture	
	Usually informal and casual	Usually formal
MANAGER	Characteristics	
	Motivation, creativity, self-confidence, perseverance, flexibility, etc	Solid knowledge in management



### 3.3. Correlation with Future Competences of the World Economic Forum (WEF)

✎ [“The Future of Jobs” do Fórum Económico Mundial \(2020\)](#) states that **40% of the skills currently considered fundamental in a job will change by 2025**. And the reason for this change is justified by technological advances and the pandemic recession, which will require retraining by 2025 that promotes the digital transition and the green transition.

One of the conclusions pointed out in the report refers to an increase in task automation. Forecasts indicate that the time spent on work done by humans and machines will be equal by 2025.

The report also estimates the **disappearance of 85 million jobs** caused by the automation of work, parallel to the **creation of 95 million jobs** resulting from the reorganisation of the workforce between machines, people, and algorithms. This reorganisation is directly related to the entrepreneurial dynamics since it gives rise to new businesses and, consequently, new skilled jobs.

In turn, jobs also boost entrepreneurial dynamics in response to new needs.



Photo by [World Economic Forum](#)

Regarding future skills, the report presents a ranking of the 15 skills that the employers surveyed consider to be rapidly growing until 2025. Mark that many of the competencies presented in this report coincide with the competencies necessary for entrepreneurs to succeed, regardless of the activity sector in which they operate (table 3.2.).

Entrepreneurs should seek to continuously develop their skills to keep up with market needs and identify new opportunities.

Table 3.2. Matching the future skills for 2025 (WEF, 2020) with the skills for successful entrepreneurship

#	Top 15 skills for 2025	Materialisation and relevance of the competency for the entrepreneur
1	<b>Analytical and innovative thinking</b>	Ability to analyse contexts, identifying innovative methods and solutions.
2	<b>Active learning and learning strategies</b>	Ability to want to continue learning, identify learning needs and ways of learning, absorb and apply new knowledge.
3	<b>Complex problem solving</b>	Ability to create clear and objective solutions, different from traditional methods, to solve complex problems.
4	<b>Critical and analytical thinking</b>	This skill increases the entrepreneur's ability to analyse, evaluate and position him/herself according to different situations and contexts.
5	<b>Creativity, originality, and initiative</b>	These are characteristics that often introduce the differentiating factors in the development of an entrepreneurial project, through the creation of a product, service or process.
6	<b>Leadership and social influence</b>	Important in the development of an entrepreneurial project, essentially concerning communication with investors, suppliers, partners, and employees.
7	<b>Use of technology, monitoring, and control</b>	Considering that we are living in the digital age, it is fundamental to understand and integrate the use of technology in projects, creating strategies to monitor and control results.
8	<b>Design and technology programming</b>	Considering the growing digital commerce (M. Freire, 2021), design and technological programming assume prominence in the skills indispensable for an entrepreneurial project.
9	<b>Resilience, stress tolerance, and flexibility</b>	These skills are crucial to successful entrepreneurship, as the whole entrepreneurial journey is very uncertain and challenging.
10	<b>Reasoning, problem solving, and ideation</b>	These skills of using methods in an orderly way to find innovative solutions to specific problems are relevant for those who undertake entrepreneurship and often face challenges along the way.

11	<b>Emotional intelligence</b>	<p>The ability to identify and more easily deal with one's own emotions and feelings and consequently those of other individuals.</p> <p>It is one of the most relevant personal skills and one of the most difficult to develop. Once worked, it allows one to deal successfully with personal and/or professional constraints that may arise in the entrepreneurial journey.</p>
12	<b>Problem solving and user experience</b>	<p>In an increasingly digital economy, the user experience is critical in optimising the user experience in the interaction with the company, its services, and its products. Those who undertake a business must be concerned with these solutions from the beginning, whether in the design of the website or the application.</p>
13	<b>Service orientation</b>	<p>Entrepreneurs must focus on anticipating, recognising, and meeting the needs of their customers or potential customers.</p>
14	<b>Systems analysis and assessment</b>	<p>To undertake entrepreneurship and achieve objectives and goals successfully is essential to identify and analyse key performance indicators (KPI) so that it is possible to correct some deviations or delays to planned.</p>
15	<b>Persuasion and negotiation</b>	<p>Important in the development of a project, essentially about communication with investors, suppliers, partners and collaborators.</p>

Example



[Ricardo Teixeira](#), entrepreneur and founder of several successful companies in different areas – investments, technology, and digital marketing – has recently founded [Bairrista](#), a barbecue restaurant that unites the traditional with technology and sustainability.

An accountant by training, his passion for entrepreneurship and personal circumstances led him to develop technological skills since his early years. In an [entrevista](#) that Mr Teixeira gave to TV channel SIC, it is possible to identify some of the competencies shown in table 3.2. above.







## 4. HOW TO IMPROVE SKILLS

Many people choose not to undertake an entrepreneurial activity because they consider they do not have the necessary competencies to do so, and the doubt of whether entrepreneurial competencies are born or innate has prevailed. People may have more or fewer skills, but it is also possible to develop and improve them. In this chapter, we give some tips to help improve those competencies.

Photo by [ThisisEngineering RAEng](#) on [Unsplash](#)

## 4.1. Commitment and discipline: building habits

A **habit** is a **behaviour repeated** with some **regularity** and often occurs unconsciously, as it is not necessary to think to perform it. People perform several tasks or behaviours automatically every day, and 43% of those tasks or behaviours are habits (Wood, 2002).

Habits indicate a person's **level of effectiveness**, so, if most habits are negative (e.g., not meeting deadlines, procrastinating), success is hindered.

Nevertheless, throughout one's life, it is possible to acquire new habits by employing a continuous repetition of behaviours so that those behaviours become automatic.

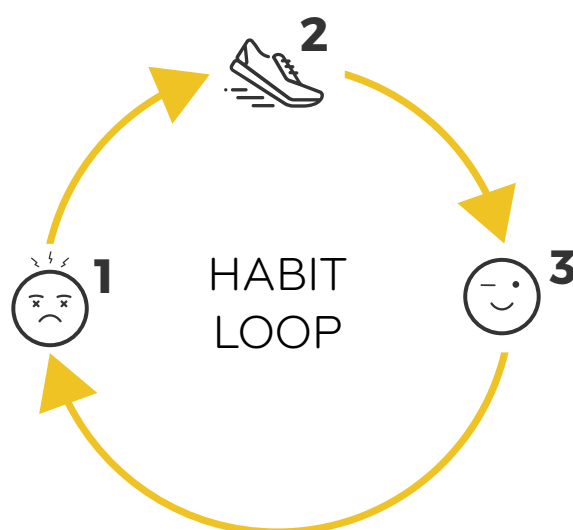
Old habits are **difficult to break**, and new habits are difficult to form because old habits are linked intrinsically to a **reward**, i.e., a positive stimulus (Duhigg & Chamberlain, 2012).

People addicted to chocolate know that chocolate, when consumed in excess, can be harmful to their health. Yet, they find it very difficult to break the habit. The main reason for this is the positive stimulus (reward) since this habit causes the release of endorphins, the happiness hormones.

According to Duhigg and Chamberlain (2014), *The Power of Habit*, the **trick to changing habits** is to identify the same **trigger** (e.g., stress) and the same **reward** (e.g., feeling happy and well), but change the routine, i.e., the behaviour (e.g., eating chocolate for running).

However, it is highlighted that few are successful in changing habits, as it is necessary (especially in stressful situations) to maintain focus on reward, willpower, and the belief that change is possible.

In this sense, knowing how the **habit cycle** works facilitates the **ability to control it** (figure 4.1.).



### 1. CUE

The trigger pushes the brain into automatic mode and determines which habit to use.

### 2. ROUTINE

A physical, mental, or emotional behaviour that happens after the trigger is triggered.

### 3. REWARD

A positive stimulus informs the brain that the routine works and should be repeated.

Figure 4.1. Habit cycle (adapted from Duhigg, 2012).



For his part, Covey (2014) suggests a model to help change old habits and introduce new ones. According to the author, it is important to start **looking from the inside out**, that is, to learn to do a self-assessment to determine which aspects can be controlled and which cannot, to achieve **self-awareness**. Effective people focus on what they can change/control, i.e., they are not affected by external sources.

After the phase of self-knowledge, the next step is **to envision and write down the personal mission**, where the **principles** and **objectives** that one intends to achieve must be included. This mission will serve as a guide in decision making.

The author suggests establishing priorities using a time matrix (table 4.1):

Table 4.1. Covey's Time Managing Matrix (adapted from Covey, 2014)

URGENT	Important		NON-URGENT
	Quadrant 1	Quadrant 2	
	Urgent and important activities	Non-urgent and unimportant activities	
	<b>"To do"</b>	<b>"Quality time"</b>	
	(e.g., urgent problems, due-date projects)	(e.g., identifying opportunities, planning, developing relationships)	
	Non important		
	Quadrant 3	Quadrant 4	
	Urgent yet unimportant activities	Non-urgent and unimportant activities	
	<b>"Delegate"</b>	<b>"Waste of time"</b>	
	(e.g., interruptions, phone calls, reports, etc.)	(e.g., details, small tasks, pointless phone calls)	

Some people devote 90% of their time to quadrant 1 and 10% to quadrant 4 of the time management matrix. In other words, they live their lives in constant stress. When, in fact, they should devote themselves to quadrant 2, i.e., devote most of their time to planning and executing the most important priorities (Covey, 2014). It is necessary one learns how to say no to unimportant activities that will distract from his/her mission. It is also rather important to learn how to delegate tasks.


In order to maintain or increase performance, entrepreneurs should focus on what matters most, and whenever it is possible to delegate all unimportant activities to increase their available working time (Elrod et al., 2016).

Just as people have habits, organisations also have them, and the way they behave is similar.



When an organisation gives its first steps, it is important to implement habits as part of the **organisational culture**. The organisational culture will define the profile of both the organisation team and those who collaborate with it (e.g., suppliers, partners, etc.).

The **conscious implementation of new habits** can increase productivity and, consequently, the improvement of entrepreneurial skills. For example, the habit of daily reading is a good principle for acquiring and/or improving skills or knowledge.




**Example**

[Fred Canto e Castro](#), founder of [Sonder People](#) and [Seekers Club](#), does a sequence of physical exercises every morning to ensure he maintains his performance and well-being throughout the day.

Photo by [Sonder People](#)

In this sense, it is relevant to maintain commitment and discipline in repeating the actions we set ourselves in order to establish habits.

APP suggestion



[SnapHabit](#)

Registrar hábitos to record individual or group habits and monitor their evolution.

## 4.2. Knowledge: continuing to learn

Throughout life, people are confronted with changes that force them to make adaptations, including in childhood. This stage is characterised by many changes (essentially motor and neurological) that are essential for growing up and that enable learning that will provide vital life skills.

As in childhood, growth – in the case of entrepreneurs, intellectual growth – is only possible **through the acquisition of knowledge and through learning**, and these processes drive to **change, which, in turn, also drives to learning**. Therefore, change and learning are interconnected, and we should all seek **to invest continuously in our professional and personal development (growth)**. The decision not to learn may generate, in the long run, stagnation.

For entrepreneurs, **the continuous acquisition of knowledge** aims to **improve or acquire new competencies**, tolls to respond adequately to the needs of a project as they arise and capture **opportunities** that may emerge as a result of this learning. For example, when presenting a project, the purpose is to attract investors (opportunities) and receive feedback to improve the project.

The whole **act of undertaking a project** is related to the **learning process** since the project tends to be built and reconstructed by applying the acquired knowledge and acquiring new knowledge.

Knowledge could be achieved both through formal and informal learning. **Formal learning** can be acquired through training programmes at universities and training centres or through e-learning programmes. This type of learning is characterised by access to certification and is usually quite structured and standardised for everyone who wants to learn. On the other hand, **informal learning** could also be an important resource in improving entrepreneurial skills, notably through experiences, conferences, webinars, podcasts, online communities, mentoring, etc.

(Enterpriseleague, 2019). This type of learning has the following advantages: more focused and learner-driven learning; valuing learner autonomy and control; characteristically more fun and lighter; learning happens at the learner's pace and based on his/her interests; no pressure to take exams and tests. In 2021, *Forbes* presented a list of the ten most recommended podcasts about entrepreneurship (Morley, 2021).

### 10 PODCASTS SOBRE EMPREENDEDORISMO

1. The Tim Ferriss Show
2. How I Built This with Guy Raz
3. Startup Stories - Mixergy
4. StartUp
5. Entrepreneurs on Fire
6. Masters of Scale
7. This Week in Startups
8. The GaryVee Audio Experience
9. Smart Passive Income
10. HBR IdeaCast

Fonte: Forbes



In organisations, knowledge assumes particular relevance, namely for improving internal processes and systems, developing organisational culture, and creating competitive advantage. This knowledge can be found in the circle of the organisation itself, through:

- **Market analyses**

It is an in-depth study of information and data on the market in which the organisation operates and how this may have a positive or negative impact. For the entrepreneur, this knowledge enables him/her to identify his/her target audience, competition, and macroeconomic expectations.

- **Human resources experience**

The human resources of an organisation often possess the relevant competencies and experience for the organisation. In this sense, the entrepreneur, or manager, should take the opportunity to absorb some of that knowledge and promote ways to disseminate and share it with the rest of the team.

Kawasaki (2011) suggests that, when selecting and recruiting the team, entrepreneurs should focus on the **diversity of human resources** (ages, education, life stories, etc.) as they add richness and different points of view to the organisation.

- **Knowing the client**

Knowing the customers' needs and actively communicating with them may represent a good source of knowledge acquisition, namely in the development of new products, processes or services.

- **Technical content, courses, and contests**

Throughout the year, various entities linked to entrepreneurship provide various opportunities to acquire knowledge and improve skills.

### Example

IAPMEI provides [programmes and contents](#) (IAPMEI, 2021b) to support entrepreneurship or those with entrepreneurial aspirations. Another example is [Portugal's network of incubators and accelerators](#) (RNI, 2021) which also promotes the contents and initiatives of various actors of the national entrepreneurial ecosystem.

Several universities (e.g., MIT and Stanford University) offer a set of online courses, where it is possible to access the contents of the classes in an open-access format.

Currently, Internet access allows you to watch presentations, videos, TED Talks, *Coursera* courses, among others, that allow you to acquire and deepen your skills as an autodidact.





## 4.3. Contact network

The **contact network** is more than a list of contacts of people or organisations, and it is quite important not only at an organisational level but also at an individual level. A network of contacts results from the ability to **establish a connection with people** who can contribute to the improvement of the project, whether it is through advice, sharing contacts, knowledge, or any relevant information, and which **enhances the creation of new business opportunities**.

Just like the process of acquiring knowledge and improving skills, networking is not watertight. The **older** the connection, the **higher the quality** and **trust** in the relationship, so relationship building should be continuous.

In parallel, this relationship-building gives rise to or develops **non-technical competencies**, such as those presented in figure 4.2., which are fundamental, as they complement the technical competencies that the entrepreneur often already possesses. The contact network may also enable



Figure 4.2. Some of the competencies that can be developed in a network

the development of technical competencies when it is composed of experts from the sector in the entrepreneurial project context – or of other relevant areas –, as it is an important resource for sharing technical knowledge.

Some entrepreneurs, especially first-time entrepreneurs, find it difficult to build their networks, which is easier to overcome with the use of digital tools, namely through:

- **Digital media**

With digital transformation, the facilitated access to communication technologies allows establishing a contact network with people considered relevant to the organisation (e.g., future partners, suppliers, customers, or mentors) and, in a simplified way, contact can be streamlined through email, social networks (e.g., LinkedIn, Twitter, Facebook, and Instagram), telephone, and digital communication platforms (e.g., Zoom, Google Meet, Teams, Webex, and Skype);

- **Fairs, conferences, and events**

The main purpose of this kind of initiative is to generate or expand the contact network, namely with potential investors or sector specialists. In addition to these events facilitating contact with people relevant to the entrepreneurial project, they enable entrepreneurs to acquire new competencies, learn about sector trends, identify opportunities, and find inspiration through experiences and advice from others.

One way to find out about initiatives that are being developed is to turn to the websites of entities (e.g., municipal councils, national network of incubators and accelerators, entrepreneurship centres, event ticketing platforms) or online groups of people in the area.

Moreover, participating in these **initiatives** and **platforms** allows entrepreneurs to **meet people who work in the same area** or have already gone through their present stage, which may help them boost their projects. On the other hand, as entrepreneurs get more and better contacts, they gain confidence and motivation to communicate and increase the chances of finding **unique opportunities** and becoming a **reference** in their area.

### Example



[Made of Lisboa](#) is a platform that brings together all the information about the entrepreneurial ecosystem in Lisbon, with a section dedicated to news, events, and entrepreneurship initiatives taking place in the capital. Through the site, it is also possible to get to know and contact some of the incubators, start-ups and respective founders part of this online community.

In the Porto region, the [ScaleUp Porto](#) initiative seeks to promote the city's innovation and entrepreneurship ecosystem. On this site, it is possible to consult events, activities and the location of startups and scaleups in Porto.



In the Beira Baixa and Alentejo region, the website of the [Get's project](#) provides information on some of the players in this ecosystem, as well as events and business trends.



## 4.4. Devote time to physical and mental

Covey (2014), Duhigg (2012) and Elrod (2016) refer that a **successful person** devotes some of his/her time **looking after their physical and mental health** and how important this is to his/her **productivity** and **efficiency** at work.

Entrepreneurs, especially those who start a new project, tend to be so absorbed by their passion and dedication to the project that they forget about the rest. There are many stories of entrepreneurs who go into **physical and psychological breakdown** (burn out) because they have not taken the time to look after themselves.

Covey (2014), in *The 7 habits of highly effective people*, presents the areas to which the human being should dedicate some time: spiritual, mental, physical, and social (figure 4.3.). Only with a healthy body and mind, the entrepreneur will be able to improve his skills and, consequently, enhance his success.

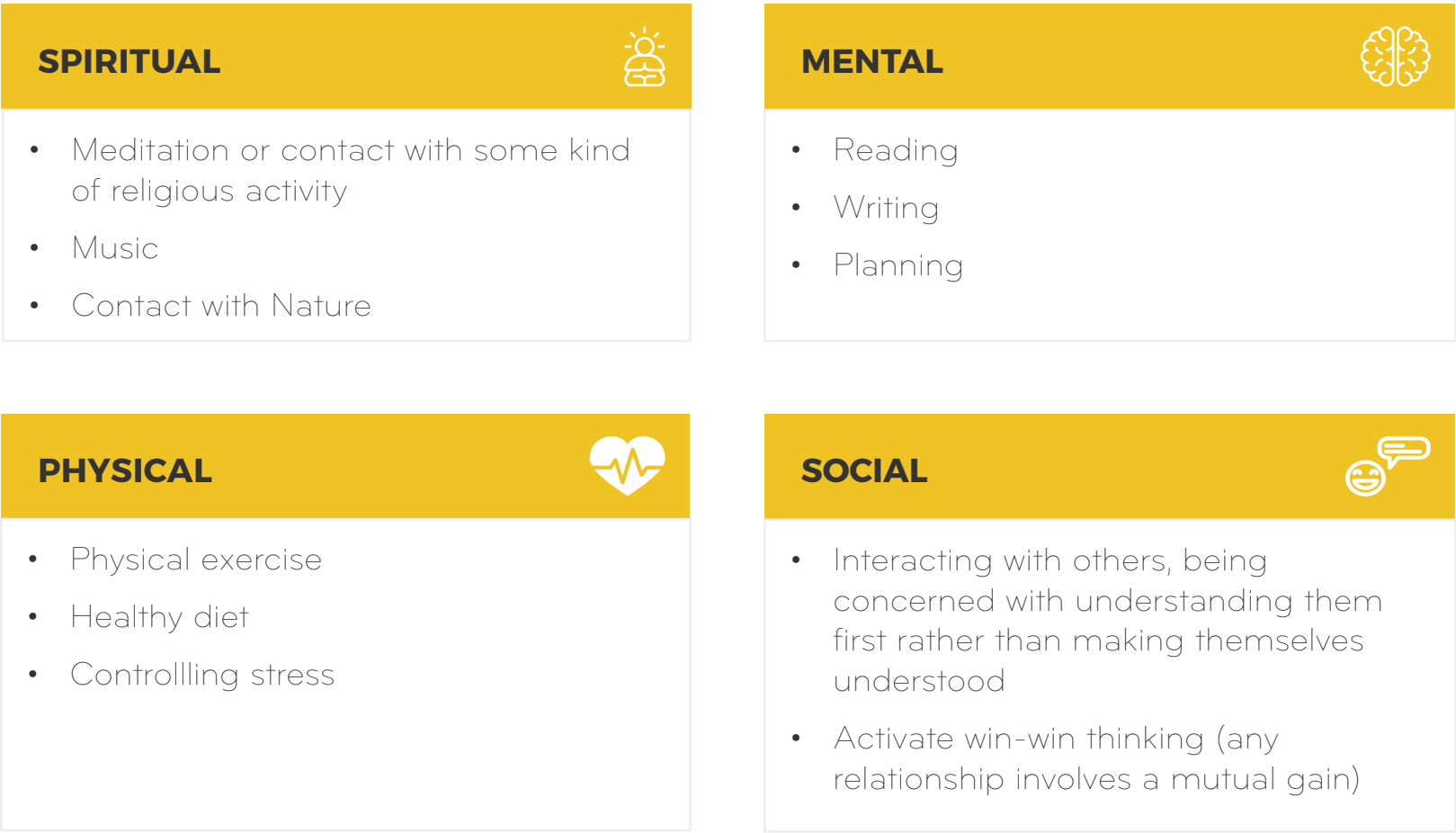


Figure 4.3.Covey's dimensions of renewal



Figure 4.4. below highlights the recipe for "energizing" and stimulating the entrepreneurial spirit, where activities are suggested to maintain '*mens sana in corpore sano*' ("a healthy mind in a healthy body").

<p><b>EXERCISE</b> 75 to 300 minutes per week</p> <p>The WHO recommends that adults should engage in between 75 and 300 minutes of physical activity per week, provided there is no medical contraindication (WHO, 2020).</p>	<p><b>CONTACTS</b> Try to keep social interactions active on a daily basis</p> <p>People should maintain contact with other people, but they should also try to share their contacts, e.g. with another person in order to help someone.</p> <p>Human beings are social beings, so it is very important to spend time in contact with other people.</p>
<p><b>MEDITATION</b> Daily</p> <p>Dedicate a few minutes daily to be silent and try to "quiet" the thoughts (Elrod, 2012). Focusing on the breath is a good option.</p>	<p><b>Feeding</b> Varied, balanced, and complete diet</p> <p>Experts recommend a change in eating habits. They suggest that the consumption of red meat and sugar should decrease while the consumption of nuts, vegetables, and fruits should increase (DN, 2019).</p>
<p><b>WRITING</b> 30 minutes per day</p> <p>Plan daily tasks in order to assess progress. It is also recommended that the person records some of their thoughts (Elrod, 2012).</p>	<p><b>RESULT</b></p> <p>By following these suggestions, people will move towards an improvement in his/her quality of life, with greater discipline and focus (Elrod, 2012). Consequently, people will have a greater capacity to face the challenges of entrepreneurship.</p>

Figure 4.4. Recipe for “energising” and stimulating the entrepreneurial spirit

# 4.5. Boosting luck

“To increase your luck, you need to take some risks and step out of your comfort zone. Secondly, you need to show appreciation. And thirdly, you need to change your relationship with ideas.”



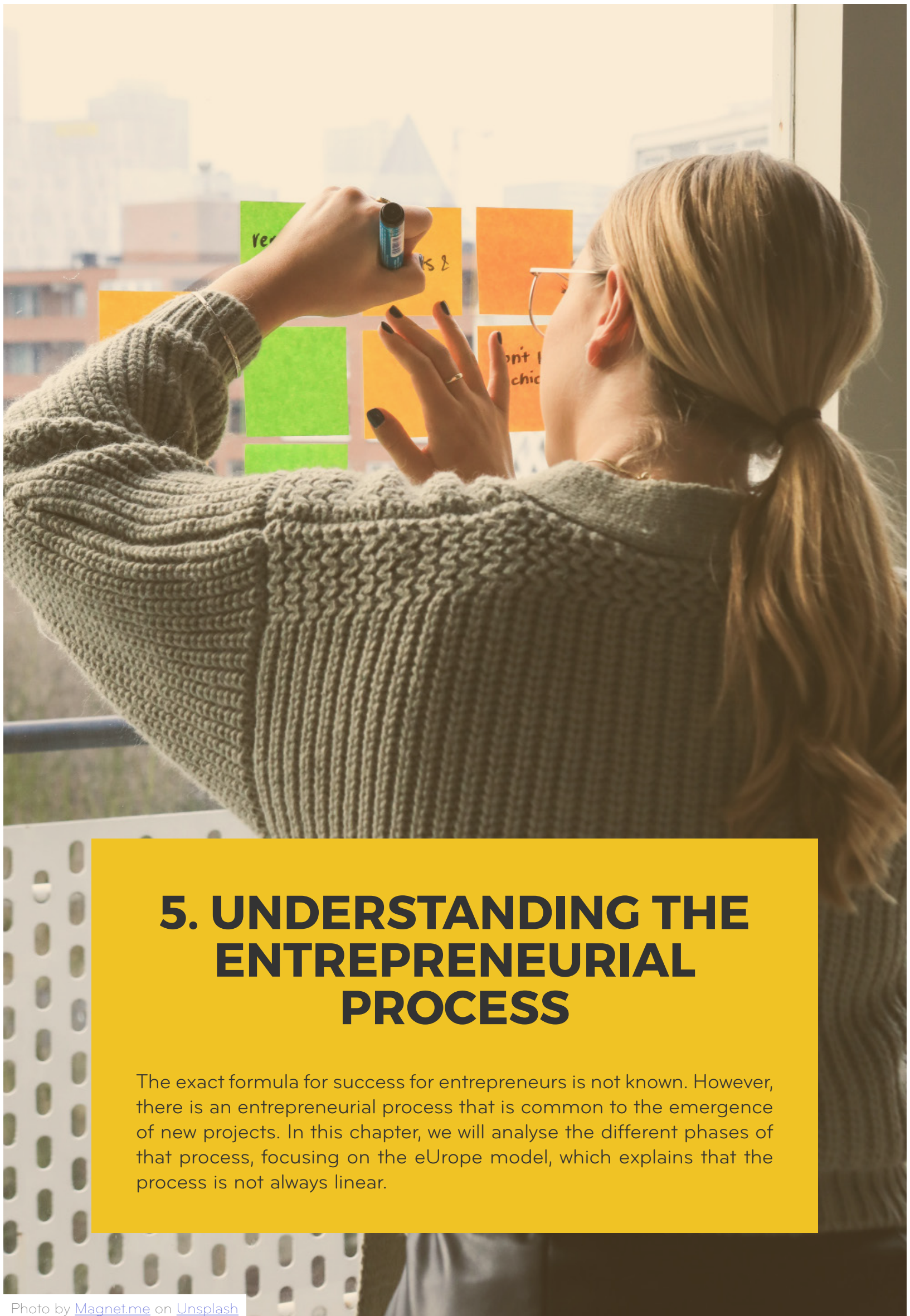
Tina Seelig

Tina Seelig, professor and chair of the Centre for Entrepreneurship and Innovation at Stanford University, is a passionate advocate of innovation and entrepreneurship.

In a 2018 TED Talk – which we invite you to [watch](#) – Seelig explains how to leverage luck through three simple steps:



Figure 4.5. – How to boost luck step by step



## 5. UNDERSTANDING THE ENTREPRENEURIAL PROCESS

The exact formula for success for entrepreneurs is not known. However, there is an entrepreneurial process that is common to the emergence of new projects. In this chapter, we will analyse the different phases of that process, focusing on the eEurope model, which explains that the process is not always linear.

Photo by [Magnet.me](#) on [Unsplash](#)



## 5.1. Entrepreneurial process: from idea to project

The entrepreneurial process is composed of a set of phases that describe all the activities and actions involved in the **detection and evaluation of opportunities and needs** for the development of innovative products, processes, and services.

For instance, like other innovation and entrepreneurship centres with national and international geographical dispersion, Audax-ISCTE has its training methodology based on the fundamental phases of the entrepreneurial process (figure 5.1.).



Figure 5.1. – Phases of the entrepreneurial process

### 5.1.1. To identify an opportunity/need



**Opportunities** are in any area and sector of activity, notwithstanding the belief that they depend on the identification of an original and revolutionary idea. We have seen a majority of successful entrepreneurs who have **created an innovative product or service by transforming an existing idea** by adding incremental improvements.

Sarkar (2014) notes that there is no standard formula for identifying opportunities, although its sources are recognised:

- Clients/markets;
- Business associations;
- Human resources, suppliers, and distribution channels;
- Training: school, academic, ideas competitions, mentorship programmes;
- Personal experience.



**SCAMPER** is often used at this stage. It is a technique that aids the idea generation process, namely by encouraging the entrepreneur to improve on existing ideas.

Nevertheless, even when a potential opportunity is identified, some variables must be validated by those intending to move forward with an entrepreneurial project (figure 5.2.).

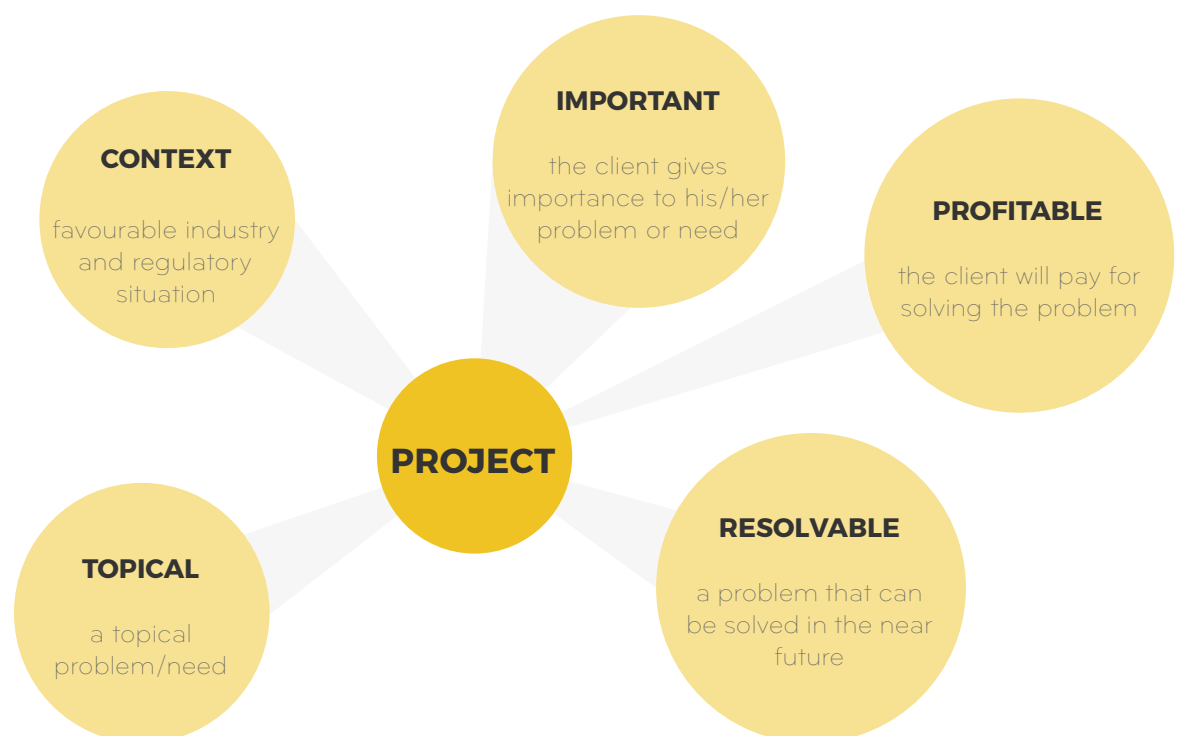


Figure 5.2. – Aspects to consider when identifying an opportunity

After the analysis and necessary adaptations to the identified opportunity/need have been made, people who want to become entrepreneurs are able to move on to the next phase of the entrepreneurial process.



## 5.1.2. To develop and test the business concept

At this stage, it is important to define the following aspects of the project:

### 1. What?

The **value proposition** is defined, i.e., what **benefits will be delivered to the target audience** and why the product and/or service is unique. This value delivery should be explained through a clear, concise, and transparent idea.

In addition, there is an essential consideration at this stage: **what impact will the product or service have on society and the environment?**

When defining the value proposal, we should consider all the results generated - directly or indirectly - in the community and in the environment, from the conception of the product or service to its delivery to the client, along the entire value chain. **The benefits generated should be valued and the negative impacts on the environment and society should be mitigated or even eliminated.**

#### Tesla Example

- High performance electric vehicles with fast charging;
- Free charging stations.

### 2. For whom?

While defining the value proposal, the **target audience** has also to be clearly defined. This phase involves three steps:

- **Market segmentation:** To define customer niches, i.e., which part of the market will the project target. It is important to define a customers' profile: Where are the customers? How are they grouped? What is their common needs?
- **Channels:** To define the way the organisation interacts with its target audience (communication, distribution, and sales channels).
- **Relationship:** To define how a good relationship will be established and maintained with the target audience. This will be the way to build customers loyalty and keep them involved with the project and/or organisation.

#### Tesla Example

- Consumers with high purchasing power and environmental concerns;
- Direct-to-consumer sales and distribution;
- A brand with high emotional value for the consumer due to dedication to the cause of saving the planet, high-quality vehicles, and personal customer service.



### 3. How?

After defining the value to be delivered to the identified target audience, it is time to outline how to operationalise the business, namely by identifying:

- **Key resources:** To identify the resources needed and raise them (see 5.1.3.).
- **Key activities:** To recognise the key activities to ensure delivery of the value proposition to the customer, which is specific to each business (e.g., for Microsoft, one of the key activities is software development, while for Dell, one of the key activities will be accurate value chain management).
- **Partnerships:** To identify all relevant partnerships to deliver value to the customer, using alliances to optimise the business model, reduce risks, or acquire resources (e.g., Netflix needs to establish partnerships with Internet service providers – such as Vodafone, Meo, Nos, etc. – to be able to deliver its services to their customers).

### 4. For how much?

All business/project components mentioned above will have an associated value that implies either a cost or revenue. It is in the balance between costs and revenues that the organisation/project will find its sustainability. Therefore, it is essential to identify:

- **Revenues:** They represent the value that each customer segment will be willing to pay for the product and/or service delivered.
- **Costs:** They represent all costs associated with the development of the business model.

#### Tesla Example

- Cutting edge technology, factories, network of chargers;
- Software development, car design and production;
- Technology partners (Toyota, Mercedes e Panasonic).

#### Tesla Example

- Sales cars free of charging;
- Costs for design, development, and production of cars; production and maintenance of chargers, marketing.

There are several models that can be followed to structure the business model, an example of which is the Business Model Canvas, a useful tool since it helps the entrepreneur to structure and visualise his business by filling in nine quadrants. There are several formats of this tool available on the Internet (to print or fill out online for free). Suggested [Business Model Canvas online](#) (Strategyzer, 2021):

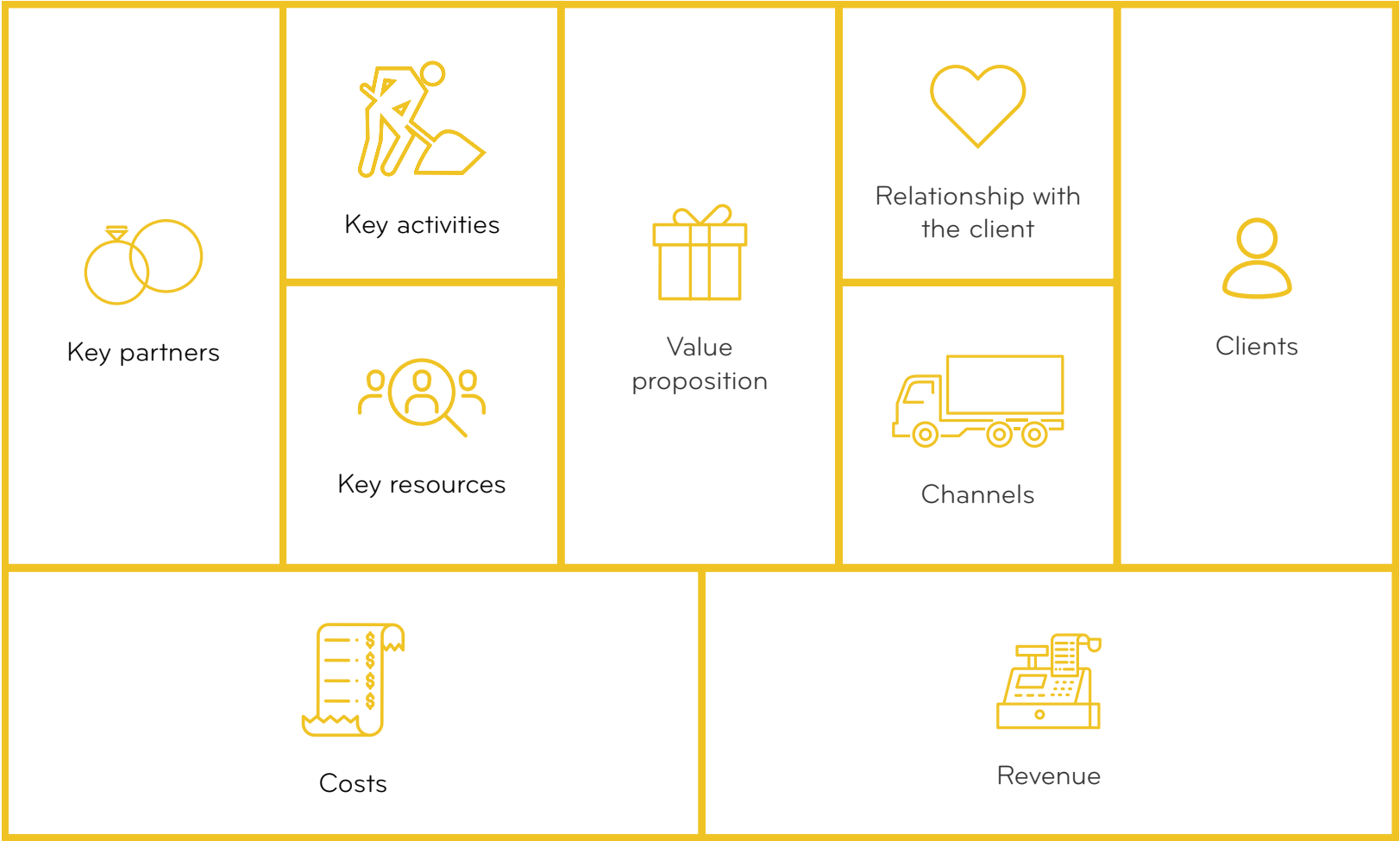



Figure 5.3. Business Model Canvas

After concept development, it is essential to conduct **concept tests at a technical and market-level** in order to identify and correct any errors and reduce the chances of the product or service not being accepted by the target audience. Exploring its feasibility at this stage allows organisations to reduce costs, as it avoids developing a “lawed” concept that would later have to be corrected or optimised (Qualtrics, 2021).


This phase ends with the preparation of the **business plan**. This plan describes in detail the business and how it is organised, regardless of its size or area of operation. The business plan aims to keep the entrepreneur focused on the work, but it can become essential to catch the attention of potential investors.


Reading suggestion

[IAPMEI's explanatory guide on How to Draw a Business Plan](#) (IAPMEI & StartUp Portugal, 2016)



IAPMEI





### 5.1.3. To define and raise resources



Creating one's organisation requires various resources, some acquired through training or life experience (Sarkar, 2014) and others such as:

- **Material and intellectual resources**

All organisations have physical and non-physical resources, *i.e.*, assets that can be seen and touched (e.g., raw materials, equipment, facilities) and assets that can neither be seen nor felt (e.g., software, brands, patents, licences).

Intellectual resources have become increasingly important in the current technological age as they allow safeguard entrepreneurs' ideas. Entrepreneurs must seek to protect the innovative products, processes, and services they are developing so that other organisations do not reproduce and sell them. This protection is possible through the registration of [trademarks](#), [patents](#) and [copyrights](#).



- **Human resources**

Initially, entrepreneurs choose not to hire human resources to reduce costs, often resorting to skills acquisition through capacity building or life experience (Sarkar, 2014). However, this strategy may be disadvantageous because it requires lots of time and energy necessary for other dimensions of the project development. Depending on the dimension of the organisation or on the activities to be undertaken, the entrepreneur may feel the need to hire human resources to free him to other functions. It is essential to recruit experienced human resources with the appropriate competencies and aligned with the organisation's values.

The decision to hire internal human resources (someone who is part of the company already) or external human resources (an organisation or a person who has no direct link to the company) must take into consideration variables such as **the competencies and time needed to each function (permanently or temporarily) and how much will it cost to the company. Depending on these variables, it may be more worthwhile to hire either an internal or external resource.**

- **Financial resources**

The entrepreneur must start by determining the resources he has and the resources he needs. It is essential to correctly assess the amount and diversity of resources needed without underestimating or overestimating them.

In the initial phase of an entrepreneurial project, one often chooses to rely on savings or financial help from friends and family to develop and mature a business idea. However, as the project grows larger or needs higher investment, it is important to consider other sources of funding, such as bank loans, venture capital, governmental support, etc.

### Example

The experience of Miguel Pina Martins, founder of Science4you, portrays the importance of knowing how to make a correct selection of the resources to use. When Science4you received its first order, Miguel decided to deliver it himself.

After making the deliveries and counting the costs of fuel, tolls, meals, wear and tear on the car and the time it took, he thought, "This won't make any money!" When he researched the cost of delivering a parcel from Lisbon to Porto by courier, he realised that it would only take 5 euros!



Through this experience, he understood that he had to dedicate some time to defining and capturing the right resources to be able not only to reduce costs but also to increase his availability to devote to other aspects of the business.



## 5.1.4. Implementing and managing



This stage may seem the simplest of the whole process, especially for those who plan all their activities and actions. However, like the previous ones, it is full of challenges and learning.

Organisations, especially at an early stage, should focus on **customer acquisition and retention** since they represent value for the business. On the other hand, if customers are satisfied, they will be an important vehicle for promoting the organisation to new customers (word-of-mouth marketing).

There are several **techniques to identify new customers** (e.g., pilot demonstrations or presentations to potential customers, creating content on social networks, etc.). Nevertheless, the entrepreneur must be creative and identify actions that effectively generate results for the business and not only the most popular ones, running the risk of not achieving the expected goal and even losing money (Forbes, 2021).

To optimise and constantly improve processes and the correct management of human resources cannot be neglected at this stage either.

When an entrepreneur starts to implement what he or she has defined, he or she begins to face problems (e.g. customer dissatisfaction, an emerging competitor, the dismissal of an employee, a piece of equipment that breaks down) that force him or her to adjust what was initially planned. The important thing is that the entrepreneur understands that problems will always exist, but there are almost always solutions or ways to mitigate them.

## 5.1.5. Growth strategy and exit



As the business progresses, entrepreneurs must define strategies that allow them to increase the organisation's potential and learn about its limitations.

There are various types of strategies, of which the most important are:

- **Growth strategies**

As the name suggests, it enhances the growth of the organisation, such as internationalisation, diversification, or specialisation and strategic alliances (joint ventures).

- **Exit strategy**

Identify how the entrepreneur/investor can derive financial value from the organisation. It is recommended that it is defined at an early stage of the project, even though it may change during the process (e.g., public offer for sale, merger/acquisition, sale to a partner, franchising, family succession).

DeTienne (2010) highlights the importance of defining an exit strategy at an early stage of business creation, as decision making at this stage will be more considered than later when a strong emotional attachment to the organisation has been established already.

### Example

The founder of Forall Phones and Relive said in an interview on the programme "Cristina Comvida":

"it has been five years selling used mobile phones. (...) I feel that the company has fulfilled its purpose and that the timing to sell was now because other [big] brands were already investing in this area. (...) Now, I am focused on Relive, which is a digital real estate company. What we do is buy, sell, and rent houses. At 16 [years old], I wanted to buy an iPhone, so I found a way and started my company. Now, I want to buy a house".

(TVI Player, 2021)

In conclusion, there is no single formula for the entrepreneurial process. For Sarkar (2014), the **entrepreneurial process**, which he called eUrope, **is not linear** as some phases are active simultaneously. The author also adds a new element: **the entrepreneurial spirit** that is if the entrepreneur is not determined, he will hardly manage and lead an organisation successfully.

Lean Startup (Ries, 2011) is a widely used methodology that **entrepreneurs** and **businesspeople** use to reduce cycles of business development, product, process, or service. This is a process that seeks to assess if a business, product, process, or service is viable through the materialisation of ideas in a Minimum Viable Product (MVP). Subsequently, the process is shared with potential customers to obtain feedback, collect data, and learn from the results obtained, with the purpose of continuing to improve the MVP or moving forward to a new idea.

## 5.2. Barriers to the entrepreneurial process

During the entrepreneurial process, the promoter may face several difficulties, the most common are related to legislation, human capital, scarcity of opportunities, difficulty in accessing financial resources, lack of technical knowledge, and fear of change (figure 5.4.).

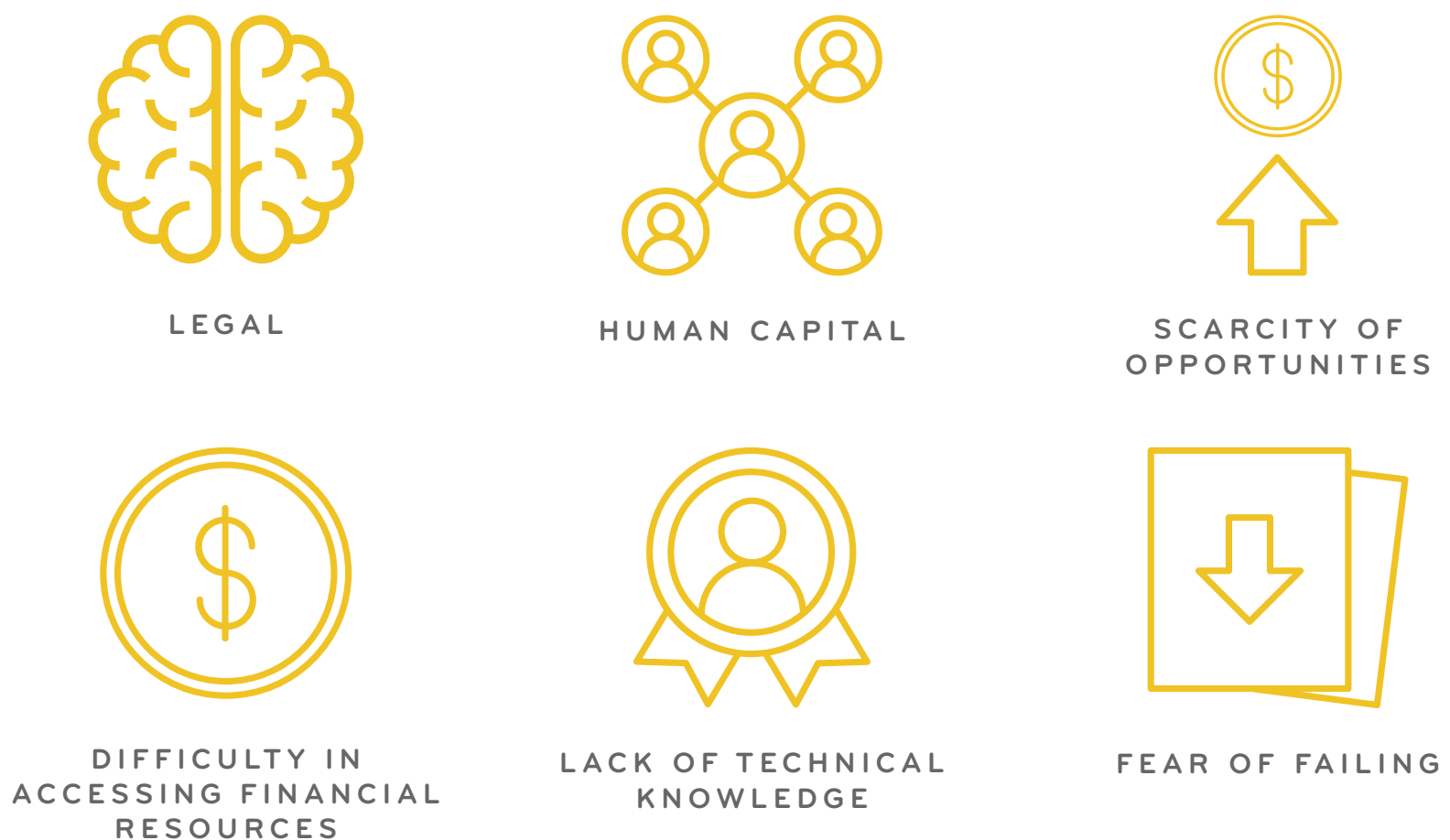


Figure 5.4. – Examples of barriers to the entrepreneurial process

The process of developing a business may involve facing some **legal barriers** (e.g., government rules and regulations that must be complied with, licenses, taxation, copyright, or data protection regime). To avoid unpleasant situations, entrepreneurs must find out beforehand about all the legal issues associated with the business, tax issues, and issues related to the nature of the activity from an accountant or a lawyer.

### Example

Several incubators spread across various parts of the country (e.g., Labs Lisboa, in the capital, Instituto Pedro Nunes, in Coimbra, amongst others) can help identify legal and accounting support services for the entrepreneurs that are part of their ecosystem.

**Human capital** can be another difficulty, as it is not always easy to find human resources who share the same vision and passion for the business. On the other hand, it is also challenging to manage people with different mentalities and perspectives, although this difference allows a more affluent environment.

**Scarcity of opportunities** refers to the fact that sometimes there are no immediate opportunities for everyone even though there is talent in the market and people that desire to undertake.

In addition, **access to financial resources** can also be a challenging task since finding the right funding or the right investor implies identifying the right contacts, preparing a convincing pitch, and doing the right financial analysis so that they decide to invest in the project.

**Lack of technical knowledge** may also represent a barrier to business development. To overcome this, entrepreneurs should surround themselves with human resources who have the competencies or seek to acquire them informally (experience, webinars, events, etc.) or formally (academic training).

In turn, the **fear of failure** may appear several times along the way. The size of this fear is related to the profile of the entrepreneur. It can also be proportional to the size of the risks assumed during the process.

### Suggestion

Watch the video with advice from 50 entrepreneurs ([50 Entrepreneurs Share Priceless Advice – YouTube](#)) (Blockshelf, 2014)



For all these barriers, people who are entrepreneurs must seek to apply for support, for example through participation in mentoring programmes of incubators or innovation or entrepreneurship centres.





## 6. MISTAKES TO AVOID AND TESTIMONIES

In the entrepreneurial dynamic, it is quite common to make some mistakes, especially for those who start this "journey" for the first time. The learning process is constant and more easily learnt when experienced. However, we present some of the mistakes to avoid during this journey. We also share three stories of people who have undertaken entrepreneurship in different areas.

Photo by [Kyle Glenn](#) on [Unsplash](#)



## 6.1. Errors to avoid

Entrepreneurship is a process with many ups and downs. Many stories about successful entrepreneurs often address only the most positive aspects of the process, implying that it is simple and easy, which is not representative of what happens in reality. Below, it is presented a set of common mistakes often made (Entrepreneur Europe, 2015):

- **Not having a business plan**

Many people start their business without drafting a business plan first. That would give them a more detailed analysis of the market and allow planning short and long-term goals and actions. It would also let them prepare a financial analysis to assess the viability of their project.

The preparation of a business plan does not mean that everything described there would happen, but it is a crucial tool for the entrepreneur to keep focused on the goals he wishes to achieve (See [subCHAPTER 5.1.3](#)).



It is essential to establish action plans with a specific description of the goals, along with the fact that good planning allows for increased productivity and avoids wasting time.

- **Poor financial management**

Entrepreneurs tend to make one of two mistakes: invest too much money at an early stage or invest too little. Either option can be harmful to the business. Therefore, the person who undertakes the entrepreneurial process must be concerned with making correct financial management.

This involves identifying the investments to be made, forecasting expenses and income, and analysing the economic and financial viability of the project. Several tools support this task, such as, for example, [Project Evaluation tool](#) provided by IAPMEI.



- **Thinking there are no competitors**

Many people do not value competition because they consider that the product or service they are developing is innovative. Yet, there are very few cases of organisations without competitors. Enthusiasm for the business may lead to not studying direct and indirect competitors, although it is a rather important step when aiming at entrepreneurship. Competitor analysis makes it possible to identify and understand the market and the positioning of the business concerning competitors and finding opportunities.

This analysis should be done by listing current and potential competitors and identifying different elements, such as market share, brand awareness, positioning, marketing objectives, old and present strategies, organizational structure, strengths and weaknesses, prices, profitability, and financial capacity. After identifying all the elements, the entrepreneur will be able to identify the opportunities and threats to the company's activity (Baynast, Lendrevie, Lévy, Dionísio & Rodrigues, 2018).

- **Hiring human resources and suppliers at the lowest cost**

In the beginning, most entrepreneurs do not have many financial resources, and they try to save as much as possible. Hiring human resources and suppliers on the cheap can be detrimental in the long run, as they are usually synonymous with low qualification and/or little experience. According to the Council for Productivity (2019), there is a positive relationship between managers' qualifications and productivity. An extra year of education is also associated with a 5% increase in productivity.

- **Devaluation or overvaluation of marketing and communication**

At this point, there are two types of common perspectives:

- there are those who believe that their product or service is so innovative that customers will appear naturally without the need to establish any marketing and communication strategy
- and there are those who invest a lot of money, time or effort in communication strategies without trying to study the market and its target audience (e.g., paid advertising and social networks when the target audience are not users of those networks).

- **Low profit margins**

Adapting the strategy of having a low profit margin as a way of attracting customers through offers at the lowest cost on the market may prove to be not very effective, especially if it is not viable to maintain the same values. After having access to a cheaper product or service, the customer will hardly be willing to pay more for it, preventing the company from increasing profit margins in the future.

In this sense, costs and revenues must be properly analysed to determine margins and their flexibility for future changes (e.g., a decrease in margins to retain customers).

- **Doing it all by oneself**

Entrepreneurs often lack a team and have to perform several functions in parallel, which can drive to a loss of focus on the core business, a problem that can be mitigated by delegating some less relevant tasks, hiring human resources with skills and experience in specific areas, and seeking advice from mentors/experts experienced in their field.

### Video suggestion

Mark Cuban - [The #1 Reason Why Most People Fail In Business - YouTube](#) (MotivationHub, 2019)



- **Customers and human resources as last resort**

When absorbed in developing a new organisation, product or service and making money, there is a risk that entrepreneurs forget to look at their project from the customer's point of view. It is crucial to seek feedback constantly through means of customer satisfaction surveys, employee "suggestion box", 360o evaluation, and both from the target audience, human resources, and other stakeholders.

- **Do not share the idea with anyone**

Many people do not share their ideas with others for fear that they might be stolen, which can be very damaging to the success of the business.

Sharing ideas and thoughts with several people often opens horizons, as it is possible to get new perspectives or validate the existing ones. It does not mean that the entrepreneur should expose his ideas in detail to just anyone. It is important to understand what can be effectively relevant to share with each person and direct your speech towards more and better feedback.

No entrepreneur can avoid making mistakes during their professional career. Nevertheless, the more errors they get to know from their peers and learn from them, the less likely they are to make them too.



## 6.2. Testimonials

**Tiago Araújo**



**Hijiffy**



Tiago Araújo is from Porto and comes from a **family of entrepreneurs**. His father and mother became entrepreneurs out of necessity. After finishing his management degree at the Catholic University, Tiago wanted to work in a technological area and ended up joining a digital marketing company. Even though he did not have much contact with technology during his college days, his first job taught him a lot, especially about the international market. It was also at this company that he met Pedro Gonçalves and José Mendonça.

After five years working in that company, the three of them wanted to change jobs and fields. The desire to create their own business came after they contacted some entrepreneurs about their ideas, which influenced them to become entrepreneurs.

In order to reduce the risk, they decided to **start a business** that could be done after their current job. But after 6 months without any great ideas, they decided to leave the company they were working for and dedicate themselves 100% to their entrepreneurial project. They created Wonderoute, a platform that developed travel routes through algorithms. When they started promoting the business, they realised they would not succeed.

They concluded that they had made two of the **most common mistakes made by recent entrepreneurs**: they did not identify a **problem or opportunity** and spent nine months **developing a product without talking to anyone**, neither with experts in the field nor with potential customers.

Living off savings and deeply saddened by the failure, they decided to explore other **ideas**, and it was through Facebook Messenger that the idea came about.

This time, the first thing they did was talk to a hotel director for feedback. After this conversation, Tiago Araújo, Pedro Gonçalves, and José Mendonça understood hotels needed solutions that would centralise and automate customer service activities – so the **idea of Hijiffy** was born.

At that point, **they did not have much money** and were **afraid of failing** again, so they decided to move forward only if they got funding. The three partners applied to an acceleration programme, promoted in Barcelona, which they managed to join and, thus, Hijiffy was born in 2016, with the **support of an investor**.

Over the years, they grew to a team of eight people.

In early 2020, they managed to get new interest from an investor that would have allowed them to grow even further. With the emergence of the pandemic and its enormous impact on the hotel industry, these entrepreneurs lost their investment. These were difficult times, in which the cohesion, work, and quality of the eight-team members were crucial and allowed them to overcome this negative moment and still grow 140%.

In June 2020, the investor came back, and they closed a new investment round that has allowed them to grow even more and improve their product. Today they have a team of 23 people.

## Anna Masiello



### R-Coat



Anna Masiello is Italian, and she fell in love with Portugal when she did Erasmus during her degree in Language Interpretation and Translation. She quickly realised that her way would not be through languages but something connected to the Environment - and in Portugal, because that was where she felt at home.

In 2017, she returned to Portugal to do her master's degree in Environmental and Sustainability Studies. After watching a video on **zero waste**, she began to analyse how she could reduce her own. As she made small changes, she shared them on his social networks and gradually **developed a community of followers**.

After realising that many damaged hats were ending up in the rubbish bin for incineration, she decided to start taking them home and **researching solutions to reuse them**. She realised that many people were already making accessories, but she thought it might be a challenge to try and turn them into clothes.

Even though she did not know how to sew, she decided to learn from videos on the internet and made her first jacket. Next, she invested time in establishing partnerships to create places where people could leave their damaged umbrellas. Currently, there are 30 posts in various districts of Portugal.

Meanwhile, Yasmin has joined the project and has helped a lot to improve the concept. Together, they have looked for seamstresses to help improve the quality of the jackets. In her never-ending quest to try and reduce waste, Anna aims to find other ways to make use of the remaining parts of umbrellas.

Along the way, she has **always tried to share her idea** with various people and get feedback on what she could improve.

In 2019, she had already applied for the **IAPMEI start-up voucher** as she considered it would be a considerable aid in improving his project. In 2021, she finally launched **R-Coat**, an online fashion shop made through broken umbrellas. Currently, it sells to the whole world jackets, shorts, and hats. In the future, they intend to further diversify their products with the main goal of reducing waste.

## Hugo Menino Aguiar



### Speak



Hugo was born into a family of migrants. After graduating in Computer Engineering and doing his master's in Computer Science at Universidade Nova de Lisboa, he worked in big companies like **Outsystems** and **Google**. At Google, he had the opportunity to work as a specialist in communities of over 17 nationalities and received a golden globe for his productivity and efficiency.

In 2008, he founded the **Associação Fazer Avançar**, dedicated to mobilising and training young people to be agents of social transformation.

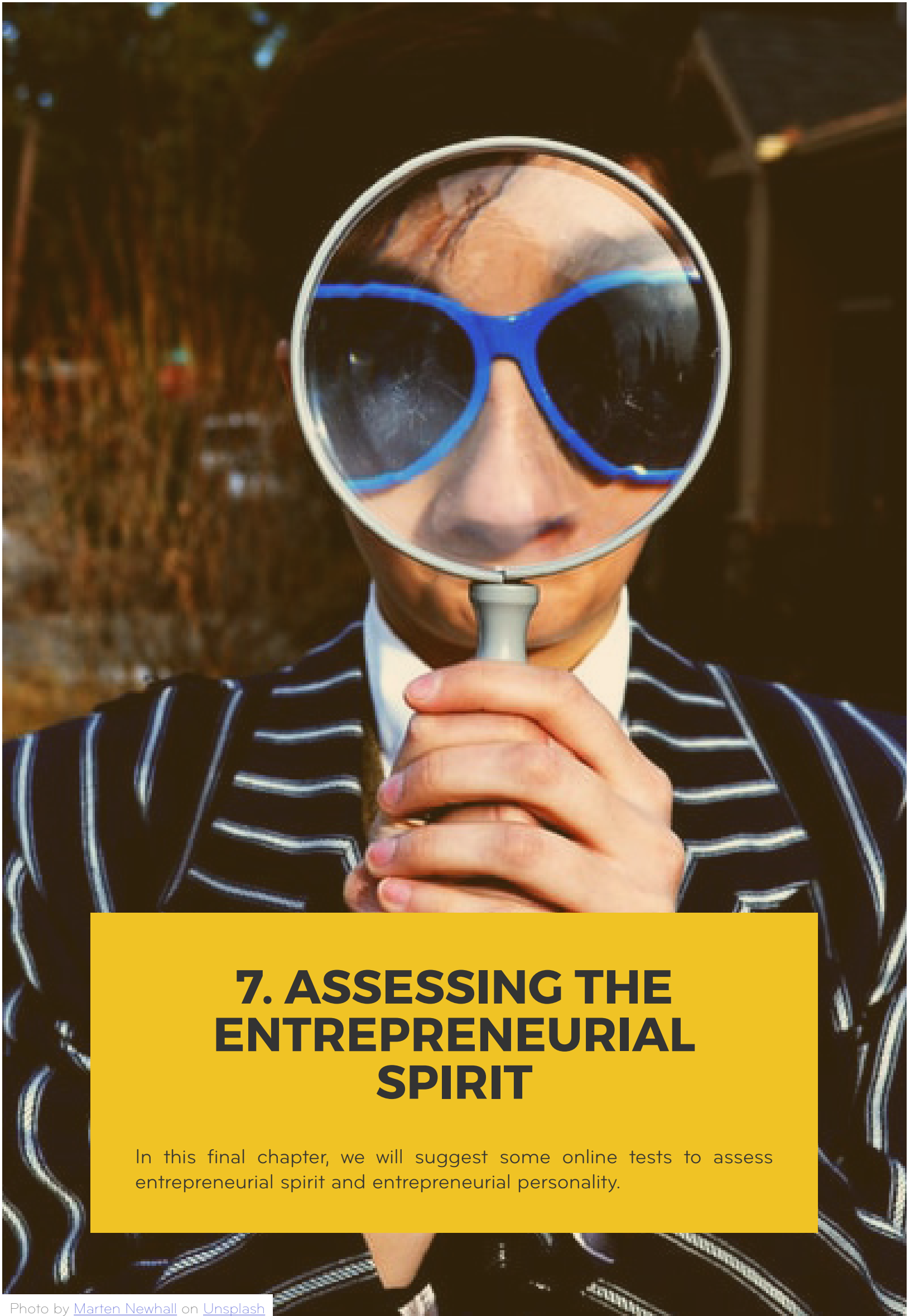
In 2014, Hugo achieved his dream of working in the social field and created **Speak**, a project to connect migrant, refugee, and local people through language and culture exchange programmes. This project uses a methodology that allows creating support networks between participants.

Like other entrepreneurs, Hugo **started this entrepreneurial project with a full-time job** (at Google) to guarantee a **source of income**.

At **Speak**, a participant can learn the language of a foreign country and teach his language to people interested in knowing it, thus promoting the integration and enhancement of the participant. Over the years, Speak has gained prominence as a good solution and answer to various social problems by breaking stigmas, promoting equality, and creating support networks in countries where participants rebuild their lives. The growth of Speak was not easy, but thanks to its founder and his team, they are now present in 25 national and international cities and represent a community of 45,000 people from 198 countries.

The presence in several cities is assured through **franchising**. Operationalisation and coordination of activities occur through a **single portal** that allows the automation of processes and is also a relevant tool in promoting both online and offline courses and experiences.





## 7. ASSESSING THE ENTREPRENEURIAL SPIRIT

In this final chapter, we will suggest some online tests to assess entrepreneurial spirit and entrepreneurial personality.

Photo by [Marten Newhall](#) on [Unsplash](#)



Photo by [Priscilla Du Preez](#) on [Unsplash](#)

As we have seen throughout this e-book, the **entrepreneurial spirit**, like personality, **is not static**. It can change due to **various factors** such as the environment and culture of the entrepreneur. The entrepreneur may **alter the entrepreneurial profile** by investing in education and, consequently, improving skills he considers essential for evolving as an entrepreneur.

This edition of the e-book concludes with some test suggestions that enable readers to assess their entrepreneurial spirit.

On the Internet, several tests allow us to do that assessment using various factors for evaluation such as personality traits, possible motivations, and how one would react in certain situations.

However, it should be noted that these are free self-tests that serve mainly to provide an overview of personality characteristics or entrepreneurial profiles. These assessments are based on personal perceptions, and they may not be as accurate as the analysis of a professional in the area.

One of the most common and popular means of online assessment is the [16personalities.com](#) personality test, where one of the personality type results is the entrepreneurial personality. The test is available in several languages, namely Portuguese and English.

Other equally interesting suggestions geared solely towards the entrepreneurial profile are:

[Stefan Lindstrom Test](#), psychological and entrepreneurship specialist (available in English).

[Entrepreneurial Profile Test](#), PsychTests AIM (available in English).

Finally, we highlight that the suggested tests will not indicate an exact path to follow. If that is the intention, we advise participating in entrepreneurship events, such as Web Summit, or training, ideation, and acceleration programmes promoted by various entities, including IAPMEI. Participating in these initiatives can be an important driver of the entrepreneurial spirit and discovering one's entrepreneurial profile.

Additionally, it is reinforced that having an entrepreneurial spirit does not only mean creating your own business, but you can also have it working for others (intrapreneurship) or causing some impact on your community (social entrepreneurship) or on the environment (environmental entrepreneurship).

# Glossary

- **Communication**

A process involving the exchange and interpretation of information between two or more interlocutors. During an effective communication process, most of the senses (hearing, speech, sight, and touch) are normally activated.

- **Compromise**

Obligation contracted with one or more persons or with oneself.

- **Core business**

Core part of a business, i.e., the main activity generating the most significant value.

- **Delegate**

Assigning another person a certain responsibility, function, or competence.

- **Efficacy**

Ability to meet the proposed objectives within a defined timeframe.

- **Emotional intelligence**

Ability to recognise, assess, and deal with their own and others' feelings.

- **Entrepreneurial ecosystem**

Environment composed of the various stakeholders of entrepreneurship (e.g., incubators, accelerators, entrepreneurs, start-ups, business centres), where it is possible to capture and develop skills, networks, and partnerships.

- **Entrepreneurial spirit**

A mindset, attitude, motivation of actively seeking to develop

- **Habit**

An action that is often repeated, sometimes unconsciously.

- **Human capital**

Competencies, skills of an organisation's human resources which allow value creation. These competencies and skills can be acquired through training or experience.

- **Innovation**

The act of creating something new, improved, or modified, such as products, services, and processes.

- **Leadership**

The ability to manage and influence a group of people in order to achieve the desired results.

- **Manager**

Person responsible for the management (planning, organisation, leadership, and control) of a group of people and/or goods, location, and departments.

- **Motivation**

Impulse that makes people or organisations act to achieve a certain objective.

- **MVP**

Minimum Viable Product. The simplest version of a product or service, using the fewest resources, test market receptivity and receive feedback for possible improvements or changes.

- **Negotiation**

Form of interaction involving two or more people, which aims to reach a mutual agreement with gains for all parties.

- **Persuasion**

The ability to convince or influence a person or a group of people.

- **Podcast**

File (audio or multimedia) transmitted online, with a determined periodicity and whose content can be specific or varied with the intention of transmitting knowledge or experiences.

- **Stakeholder**

Any group or person who can affect or is affected by the achievement of the organisation's objectives (e.g., customers, suppliers, partners, etc.).

- **Strategy**

A set of plans, actions, and means to achieve a certain objective.

- **Target audience**

Group of people or organisations with common characteristics (e.g., age, level of education, interests, etc.) and which allows organisations to direct their strategies and campaigns.

- **Technical competencies**

Knowledge and skills acquired through formal or informal training.



- **Value proposition**

A way of summarily communicating why the target audience should acquire or buy what a particular organisation has to offer or sell.

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REVISION**

AUDAX – Centro de Inovação e Empreendedorismo do ISCTE-IUL  
Ana Pereira da Fonseca

**GRAPHIC DESIGN**

I AM - The Creative House

**DATE OF ISSUE**

October 2021

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ISBN: 978-972-8191-65-8

Co-financed by



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