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Robert D. Hisrich • Veland Ramadani

# Effective Entrepreneurial Management

Strategy, Planning, Risk Management,  
and Organization

 Springer

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*To my spouse Tina, children Kary, Katy, and Kelly, my sons-in-law Rich and Kevin, and grandchildren Andrew, Rachel, and Sarah.*

Robert D. Hisrich

*To my spouse Lindita and my sons Rron and Rrezon*

Veland Ramadani

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## Preface

Starting and managing a new business involves considerable risk and effort to overcome the problems in creating and growing a new venture. These problems are so great that in the USA, about 80–85% of all new ventures are bought or folded into another company or fail (file for bankruptcy) within the first 5 years of their existence. For entrepreneurs to flourish and for new organizations to be created, four elements are required: an infrastructure that is supportive, an idea with unique value propositions, capital to get started and grow, and an entrepreneur to work toward making the venture a reality. For an enterprise to thrive in the long run, the entrepreneur needs to overcome several challenges and be prepared at every stage as in the start. This book introduces and discusses these elements to help you as an entrepreneur or small business manager avoid any negative outcomes and successfully manage and grow a business.

The interest of consumers, businesspeople, and government officials from every part of the world in entrepreneurship is evident from the increasing research on the subject, the large number of courses and seminars on the topic, the more than two million new enterprises started each year (despite a 70% failure rate), the significant coverage and focus by the media, and the realization that this is an important aspect of the economics of the developed, developing, and even controlled economies.

To provide an understanding of the entrepreneurial manager and the process of creating and growing a new venture, this book—*Effective Entrepreneurial Management*—is divided into 11 chapters.

Chapter 1—*Foundation of entrepreneurial management*—introduces the entrepreneurial management and the entrepreneurial process from both the historical and research perspectives. The private, public, corporate, and social entrepreneurs are compared to provide an understanding of different mind-sets required for different sectors entrepreneurship. This chapter also discusses on managerial versus entrepreneurial decision-making process and examines the steps in the entrepreneurial process for an effective entrepreneurial management.

Chapter 2—*Entrepreneurial business planning*—presents an overview of the importance of a business plan as well as its scope and value. This chapter discusses the information needs for developing a good business plan, the use and implementation of the business plan, and the reason for failure. The chapter continues with a

detailed explanation of each element of business plan and provides directions to aspiring entrepreneurs about the outline and content.

Chapter 3—*Creativity, innovation and entrepreneurial manager*—examines the ways organizations can prosper through creativity and innovation. Creativity and innovation are discussed by providing an understanding of the aspects of creativity and its contribution to innovation. The creative process is discussed along with some creative problem-solving techniques. This chapter concludes with a discussion on the link between creativity and innovation and a discussion of various aspects and forms of innovation.

Chapter 4—*Entrepreneurial risk management*—focuses on risks and risk management. As the risk is defined, the chapter continues with discussion of types of risk. Characteristics of risk management are then discussed along with five major risk management phases—context definition, risk identification, risk analysis, risk treatment, and risk monitoring and reviewing. The chapter ends with risk evaluation strategies—risk avoidance, risk reduction, risk anticipation, risk transfer, and risk acceptance.

Chapter 5—*Entrepreneurial marketing mix*—discusses about entrepreneurial marketing activities as essential for every new or established business. This chapter focuses on the marketing tools, such as product, price, place (distribution), and promotion. Then, the differences and similarities of traditional and entrepreneurial marketing elements and contents are discussed. The chapter concludes with a discussion of basic forms of entrepreneurial marketing such as guerrilla, ambush, buzz, and viral marketing.

Chapter 6—*Organizing an entrepreneurial venture*—focuses on the legal form of the organization and the organizational structure of the new venture. The chapter begins with a discussion of the reasons for selecting one legal form over alternative forms. Then, the chapter focuses on the legal forms of business available in the USA. The chapter concludes with a discussion of Board of Advisors or a Board of Directors.

Chapter 7—*Raising capital for the entrepreneurial path*—deals with capitalization of the business introducing the various methods of raising funds for the money like seed fund, crowdfunding, trade credit, business angels, venture capital, banks loans, share offerings, and government. Each of these sources of capitals is examined to provide entrepreneurs the advantages and disadvantages of each. The venture capital process is discussed in detail and the idea about locating venture capitalist is also presented. The chapter concludes by discussing the choice of sources as per the type of enterprise and the goals of the entrepreneur.

Chapter 8—*Entrepreneurial business growth*—focuses on the most important aspect of growing the entrepreneurial businesses by first looking at identifying the main factors that influence the growth followed by the discussion of the main perspectives of growth. Characteristics of fast-growing companies and management actions enabling growth are then discussed along with four major growth strategies—market penetration, market development, product development, and diversification. The chapter concludes with a presentation of some exit options from a company.

Chapter 9—*E-commerce challenges and entrepreneurial manager*—is about e-commerce. The chapter begins with the explanation of the nature of e-commerce, where some definitions of e-commerce, differences between e-commerce and traditional commerce, and differences between pure and partially e-commerce are represented. In other sections, the basic types of e-commerce, benefits from e-commerce, and barriers of e-commerce implementation are discussed.

Chapter 10—*Business ethics, social responsibility and entrepreneurial manager*—focuses on ethical values, standards, and beliefs and their implementation in business. This chapter discusses the situations with an ethical dilemma and how to deal with them. In addition, the factors that affect an ethical behavior and the features of moral, amoral, and immoral managers are explained. The chapter ends with the discussion of the essence of social responsibility, the pyramid of social responsibility, and benefits from action as a socially responsible business.

Chapter 11—*Entrepreneurial family business and succession management*—presents a review of some important issues related to family businesses, such as family business categories, members of family businesses, succession process, family business cultures, conflicts in family businesses, etc.

To make *Effective Entrepreneurial Management*, as meaningful as possible to students, each chapter begins with chapter learning objectives and a profile of an entrepreneur whose career is especially relevant to the chapter material. Numerous business examples occur throughout each chapter. Each chapter concludes with short case studies, class discussion questions, and selected websites for further readings.

Many people—students, business executives, entrepreneurs, professors, and publishing staff—have made this book possible. Our utmost appreciation goes to our assistants and students, Laxman Panthi, Donika Zendeli, Faton Ahmeti, Artiana Ajdini, Diin Grainca, Nermin Shabani, and Mejreme Sinani for providing research material and editorial assistance and without whom this book would have never been prepared in a timely manner.

We are deeply indebted to our spouses, Tina and Lindita, whose support and understanding helped bring this effort to fruition. It is to future entrepreneurs—our children Kary, Katy, Kelly, Rron, and Rrezon and grandchildren Rachel, Andrew, Sarah, and Jack—and the new generation they represent—that this book is particularly dedicated. May you always beg for forgiveness rather than ask permission.

Kent, OH  
Tetova, Macedonia

Robert D. Hisrich  
Veland Ramadani



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## Endorsements

A brilliant and inspiring masterpiece—long-awaited contribution to the literature

Léo-Paul Dana

Professor, Montpellier Business School, France

Marie Curie Fellow, Princeton University, USA

Editor of *Int. J. Entrepreneurship and Small Business*

Hisrich and Ramadani have put together the guide that students need to understand entrepreneurship. They recognize that starting and growing a venture includes both strategy and action. The authors lay out the steps that can lead to success.

Many books are on the market telling students that they need to be creative and innovative in getting a new business up and running. In *Effective Entrepreneurial Management*, Hisrich and Ramadani explain what those terms mean and how to carry them out. This book takes readers through the start-up process as well as what happens next. Business formation is risky and many new ventures fail. Does that really have to happen? Despite what people think, a lot has been learned about what makes a business successful. You don't have to make every mistake other entrepreneurs have made. This book helps you to avoid the mistakes others have made and introduces you to the steps that are more likely to help you achieve your goals.

Hisrich and Ramadani have some advice for you. You don't have to make the mistakes that have led to failure. Read this book and learn the actions that can help you overcome obstacles and build a successful venture.

Frank Hoy

Professor, Director of the Collaborative for Entrepreneurship and Innovation

at Worcester Polytechnic Institute, USA

This book is a long-awaited addition to the entrepreneurship field as it provides a succinct understanding about effective entrepreneurial management. The book covers business planning and the challenges that managers face: how creativity and risk management is conducted? It then explores finance and growth to

e-commerce and ethics implications. The last chapter about family business and succession management highlights how important entrepreneurial thinking is for managers in their businesses. I highly recommend this book for entrepreneurs and managers who want a good understanding about the issues they face in their firms.

Vanessa Ratten  
Assoc. Professor, Management and Marketing Department,  
La Trobe University, Australia

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