

Book Review: Harvard Business Review - Entrepreneur's Handbook

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The purpose of this handbook is to make academic research on entrepreneurship accessible to real novice entrepreneurs. It is of interest to scholars in the entrepreneurship field to see how our research is being presented to people who wish to apply it. The book might also be appropriate for introductory entrepreneurship courses.

The book is organized to provide a considerable base of information with business stories and cases. Subtitled: "Everything you need to know to launch and grow your business," It is geared toward newer small businesses. It has a step-by-step approach to starting a business (what the book calls a "linear approach to entrepreneurship"). Obviously, not all sections will be relevant to all readers. Much of the work has been adapted from the volume "Harvard Business Essentials Entrepreneur's Toolkit" (2005).

The book is organized as follows: Part One: is starting a business right for you? This section discusses the personality profile and common backgrounds for successful entrepreneurs. Part two: Defining your enterprise, which includes sections of writing a business plan and building a business model. Part three: financing your business, which includes sections on startup financing, growth-stage financing, angel-investing, and going public. Part four: scaling up, which includes sections on sustaining growth and keeping an entrepreneurial spirit alive. Part five is a concluding section which explains how entrepreneurs can turn business ownership into useful wealth. Each chapter ends with a summary. The

book also includes a number of potentially useful appendices on understanding financial statements, breakeven analysis, valuation, and selling restricted and control securities.

The main takeaway from Part One is that, for the authors, entrepreneurship is about seizing a profit opportunity specifically through organization. There is a real focus on the research showing that successful business are more than one person. The entrepreneur is not just a person taking a risk on a profit opportunity - it's a person taking a risk on a profit opportunity *by creating an organization to achieve the end*. Practically speaking that means they see the entrepreneur as partly if not primarily an organization-builder. The authors are careful to warn readers that risk is a major element of entrepreneurship. There is some cursory discussion of Schumpeter's creative destruction (1942) but the authors are careful to not get bogged down in academic jargon. The authors cite several sources saying that a family history in entrepreneurship is common among successful entrepreneurs, but stop short of saying that's a requirement for success.

In Part Two, the authors stress the importance of business models for entrepreneurial success. Several positioning approaches are discussed to help the entrepreneur answer the question of how they will develop a competitive advantage over existing firms. There is an extensive guide to writing a business plan, although they admit that in certain sectors, such documents are no longer required to attract investors. They also discuss different legal organization structures for a business.

Part three, about financing your business, provides little guidance for the reader. The authors are honest that most small-business startup financing comes from personal savings, credit cards, and small loans from friends and family. There is an extensive discussion of how eBay financed its growth from a small/medium sized firm to a large firm.

Part four discusses how to scale up a small company. This section has a much different feel from the rest of the book as it discusses the challenges faced by executives and founders of existing organizations. However, the scope of the book does not give enough space to discuss these issues in the

level of detail required to be helpful. The general advice though is the same as the previous sections: have an experimental mindset, be comfortable with failure, and always keep an eye out for new opportunity. Finally, the appendices and glossary are reminiscent of a textbook.

The strength of the book lies in its heavy use of real world business anecdotes to illustrate entrepreneurship concepts. Happily, most of the examples are recent, such as an in-depth look at Airbnb. The structure of the book makes the concepts very easy to understand.

The book's main weakness is that it offers little to a seasoned entrepreneur, executive, or researcher. The approach is decidedly entry-level, making it accessible to new entrepreneurs but too simple for anyone else. There is little to no academic discussion of the role of an entrepreneur in the market, and there is nothing that might be described as groundbreaking. Instead, the book focuses on presenting fundamental concepts in a way someone interested in starting a small business, or even dreaming about one day starting a large one, could understand. The book is intended for mass-market publication and priced accordingly.

References

Schumpeter, Joseph A. (1942). *Capitalism, Socialism and Democracy*. London: Routledge. pp. 82–83