

Chapter 22

Jugaad Inc: Evolution of Frugal Entrepreneurship and Lean Start Ups

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ABSTRACT

The essence of an entrepreneur's effort lie in finding solutions to challenges. Monetary profit is a by-product of entrepreneur's success and not the main agenda or measure of it. This bare nature makes entrepreneurship a risky business. In spite of all the rigor and challenges, entrepreneurs never cease to exist; in fact now we are seeing an unprecedented surge in their numbers. This surge has changed the whole dynamics of the entrepreneurial environment. A study of changing norms, style and sentiment of entrepreneurs is in order. In this chapter we study changing times and style of entrepreneurship; the evolution of new age entrepreneurs and their approach. Is this trend lasting or will burst like a bubble? Is it increasing uncertainty at conventional jobs or people have developed a deep lust for entrepreneurship? With so many startups coming up these days, how to evaluate them? These are the few questions which have risen and await adequate response.

INTRODUCTION

As with the time people have evolved thus their needs. An entrepreneur is someone who works with the objective of bridging the gap of need and availability; hence it is natural that they also evolve with changing time. Entrepreneurs have been around since there was some need unfulfilled or some advancement seemed possible. They work with the idea of adding efficiency and simplifying life. To commence a discussion on entrepreneurship, it is necessary to answer two basic questions. Who is an entrepreneur

DOI: 10.4018/978-1-4666-8259-7.ch022

and how are they different from businessmen? The difference would lie in the objective they frame in their mind and parameter on which they adjudge their success. Once that is set, we could move ahead talking about the evolution over time. For convenience sake, we can assume a time line marked with other historical events and evaluate the evolution at all these junctures. In recent time, specially post liberalization and recent global slowdown, we have seen a sudden surge in number of people turning to entrepreneurship. This has forced the whole entrepreneurial environment to change radically. A lot of concepts and practices are born to understand the practices the multitude of first generation entrepreneurs are bringing in. Start up, venture capitalist, equity pitch and taking the plunge has become the new buzz words. What was earlier considered as a choice to make when all other doors are close; has now become probably the most respected career choice. Barriers have always been there for most who decided to take a plunge and they still are. So, what could be the reason of this changing scenario? While the barriers mostly remains as they were, new age entrepreneurs found a way around them. Frugal entrepreneurship & lean startup is a couple of new age terms defining approach taken by first generation entrepreneurs to stay competitive in the market with the minimal cost or fund they could arrange for. Though the concepts were born out of approach taken by few enthusiastic and prudent entrepreneurs, it has also become a reason for a lot of people considering taking a plunge. A wheel has been set in motion, but now the question rises in wake of a lot of traditional business houses not doing well and most of startups closing down in first couple of years; are these new approaches really a torch bearer to the future or just a short term hysteria working just on speculative success of model? Such examination can be done only by doing a comparative study of new organizations and developing a frame work which could evaluate them.

BACKGROUND

Evolution of Entrepreneurship

The first entrepreneur was probably the caveman engineer, who invented wheel, while other dwellers logged their load around on slabs. They saw a need of better transport system and thus came up with the idea of wheel. This example adequately explains the motivation of an entrepreneur – to bridge the gap, to improve the quality of existence. Monetary profit is often a byproduct of idea acceptance and implementation for an entrepreneur. This motivation led them to go places where conventional businessmen would not wander. The zeal of doing the new and unwarranted by entrepreneurs has shaped the world we see today. From the Phoenician traders to Roman merchant, all of them moved out of their comfort zone to find, buy and trade in commodity in places where they were not known; Idea was to make the world know what exist beyond their knowledge and not to let them miss out on those things. The explorer – preneurs of renaissance age and the innovator of colonial America were all entrepreneurs while being a lot of other things. The mid 1800s saw the rise of gold rush after which entrepreneurs saw digging for minerals as an opportunity and we entered an era of oil rush from gold rush. Utilitarian Entrepreneurs were a breed which developed in early 1900s. They say a need of innovation which could improve the daily life of mass. From here entrepreneurs never stopped, from things of daily utility to luxury – they were finding gap in every segment and bridging them. No opportunity was missed. There was just one thing common in all of them – zeal to make their idea work and guts to take the plunge without safety net. It was their risk taking appetite which gave us technology which looks so common place these days, computers. That was the era of 1980s when probably for the first time world was seeing a bunch of young

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