

Entrepreneurs: You've got mail

IESE's Pedro Nueno warns potential entrepreneurs: the viability of any venture depends on carefully identifying your opportunity, and a sound business plan.

February 19, 2014

Who is an entrepreneur? Essentially, an entrepreneur is one who uses his or her wits to discover something that everyone is searching for but no one knows how to attain. Pulling this off requires a special talent, but it can be taught and learned.

To be an entrepreneur is to be able to spot opportunities within reach that no else can see. It also means knowing how to appeal to consumers, who may be slow or reluctant to try new things.

The company that created the barcode is a perfect example: It eventually folded because, at the time, no one saw the huge opportunity they were sitting on.

In his book, [Emails to a Young Entrepreneur](#), IESE's [Pedro Nueno](#) uses fictional online exchanges to highlight the points that must be kept in mind to bring an idea to fruition.

The author updates the tips and recommendations made in his earlier book, [Letters to a Young Entrepreneur](#).

Getting started

"Although you do not have a clear idea that addresses a market opportunity, keep watching the market."

"Find an opportunity first, and then set up a business to exploit that opportunity quickly and effectively, and not the other way around."

So begins one of 26 emails that Nueno uses to analyze the successive phases that an entrepreneur must go through in order to turn a new idea into reality. These include:

- identifying an opportunity
- analyzing it
- coming up with a business plan
- finding resources
- establishing operations
- adjusting the business model to shifting market conditions
- assessing what the company is worth
- selling it or going public

All of this must be done without ever forgetting the need for a realistic approach or the risks inherent in any business undertaking.

China and Africa: The new frontiers

The author also considers prospects in China and Africa, where rising consumption and exports are becoming powerful engines for growth.

Another source of growth is real estate, which accounts for much of the wealth generated by Chinese or African companies.

In one email, for example, a Chinese entrepreneur explains how his company can make a killing by selling its current plot when the land is rezoned as residential, and moving to cheaper, as yet unzoned land.

In an African email exchange, an entrepreneur talks of setting up a food export business in Nigeria, where venture capital and private equity are growing rapidly.

A fine line

Another email exchange reveals dubious situations and irregular activities that lead to the entrepreneur ending up in prison.

For this reason, Nueno reminds readers that there is always a price to pay, so best to avoid evasive business structures and tax havens.

He includes two emails — one from an entrepreneur jailed in France because of creative

accounting by a business partner, and the other from an uneducated businessman who was caught unawares — to show that ignorance is not a valid plea in court.

An economic engine

While anyone can be an entrepreneur, it does require a special kind of curiosity and dedication.

As the venture surpasses that which just one person can handle, it also requires an entire team.

The current economic context ought to encourage entrepreneurship even more. As more countries recognize that it is entrepreneurs who create jobs, stimulate innovation and help to internationalize local economies, they are offering more incentives and tax breaks to actively foster it.

www.iese.edu/insight