

Case Studies on  
**Entrepreneurship – Vol. I**

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Edited by

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Case Title	Page No.
Aravind Eye Hospitals: A Case in Social Entrepreneurship	1
Arthur D Levinson	9
Biocon: The Indian Biotech Star	19
Bloomberg's Growth: The Michael Bloomberg Factor	29
Carlos Slim: A Telecom Tycoon in the Making	39
Dean Kamen's Technological Entrepreneurship	49
Donald J. Trump – Promoter Non Pareil	63
From KaZaA to Skype	77
Li Ka-Shing – The New 'Old' Entrepreneur	87
Micro Finance: A Case of Grameen Bank, Bangladesh	97
Paul Newman – At the Vanguard of Business Philanthropy	109
Peter Georgiopoulos	121
Philip Green: UK's Retail Baron	135
Robert E Rubin: Executive Entrepreneur	145
Segway HT: Troubles and Challenges of the Revolutionary Human Transporter	153
Sim Wong Hoo: The Nimble Entrepreneur	169
Social Entrepreneurship: Serving the 'Niche' Business	183
Team Building at MindTree Consulting	191
UCSF and Biomedical Innovation	205
Wilbur L Ross – The King of Restructurings in the Kingdom of Vulture Funds	219

## OVERVIEW

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In the business world, innovation is the name of the game. To survive and remain ahead in the intense competitive struggle, businesses require to be innovative. However, to successfully innovate is not an easy job. Not because a good idea is hard to find, but simply because converting an innovative idea into a profitable venture is just so much harder. Microsoft, Apple, Wal-Mart and Dell, have all managed to be successfully innovative. But how have these great companies done it? How could many of the fortune 500 companies remain on top for so many years? It is definitely not by accident. Be it Bill Gates, Steve Jobs, Sam Walton, or Michael Dell, there is a great entrepreneur behind every great company's success.

Since entering the business dictionary, the term entrepreneurship has evolved with different meanings and perspectives. For many years, entrepreneurship was viewed as the equivalent of 'professionalism'. Across periods of time, some identified it as an economic function, while others related entrepreneurship with individual traits. Whether it is an economic function, a person with specific traits, or someone starting and successfully running a new venture, the one thing that epitomises the entrepreneurial breed is the dream they chase – a dream to convert a vision into action and benefit from the rewards.

Entrepreneurs take risks and are innovative, opportunistic, creative, flexible, dynamic and growth-oriented. However, each of these facets is neither conclusive nor definitive. For example, a common notion that entrepreneurs are often associated with is 'founding of the company'. While this meant that entrepreneurs are only those individuals who start their own companies, neither Jack Welch of GE nor Ray Kroc of McDonalds did that. But, few would deny that they are entrepreneurs. This reflects that not all entrepreneurs are the same. Although they share some common characteristics, every entrepreneurial style is unique in its own way.

Broadly speaking, there are two kinds of entrepreneurial styles. The first is of a promoter who rests confidence in his ability to seize an opportunity irrespective of the resources available. And the other style is that of a trustee, for whom resources are essential to execute the plans. Most entrepreneurs fall somewhere between the two extremes. But, the closer they move towards the promoter's style, the more entrepreneurial they become.

Entrepreneurs can also be classified as opportunity-driven or necessity-driven. Individuals who perceive a business idea and pursue it as a career option willingly, are opportunity-driven entrepreneurs. However, in some cases, entrepreneurship might stem from the need to be entrepreneurial. Due to the absence of other career options or a lack of satisfactory options, some individuals are forced to become entrepreneurs. Such individuals are called necessity-driven entrepreneurs.

When an entrepreneurial activity is embedded in a social cause, it becomes social entrepreneurship. Social entrepreneurs create social value by combining innovation, opportunity and resources to identify practical solutions to social problems. They view

problems as opportunities to make the world a better place. However, often, social entrepreneurs are confused with commercial entrepreneurs. Is social entrepreneurship the same as commercial entrepreneurship? Is it different, or is it both? Although it is hard to classify social entrepreneurs as non-profit or for-profit, they differ from commercial entrepreneurs on certain lines. Like commercial entrepreneurs, social entrepreneurs exhibit innovation and resourcefulness. But their strategies, products and services are driven by the wants of the needy. For them, finance is a means to an end instead of being an end in itself. For example, you cannot classify either Mother Teresa or Richard Branson (founder of the Virgin Group) as social entrepreneurs. But if you combine both, you come closer to what a social entrepreneur looks like. A famous social entrepreneur is the Nobel laureate, Muhammad Yunus who helped more than 90% of Bangladeshis get micro finance.

The entrepreneurial zeal can be found anywhere, in anyone. Executives or managers are also entrepreneurs, when they either nurture an innovative idea within an established company or launch it as an independent start-up. Whatever may be the way, this kind of entrepreneurship is termed executive entrepreneurship.

With time, the way entrepreneurship matters has also changed. Suddenly the importance of entrepreneurship has heightened. Earlier, entrepreneurship was meant for small businesses. Now, even large businesses have joined the league, as they grow more ambitious about innovation. Entrepreneurship in the context of larger firms is termed as intrapreneurship. As a firm grows in size, maintaining entrepreneurial behaviour becomes difficult. So, many large firms have re-structured to become more entrepreneurial, and, in the process, have become more innovative.

More than anything else, entrepreneurship has become a vital determinant of economic growth. Societies reap the benefits of entrepreneurship as it creates new ideas and businesses that generate employment and increases productivity. Also, many countries have used entrepreneurship as a recipe for growth and development. The best case in point is the United States. No nation has mastered entrepreneurship as successfully as the United States.<sup>1</sup> As high levels of entrepreneurship translate into high levels of economic growth, countries that have imbibed the virtues of entrepreneurship better than others become more developed. However, how vigorously a country practices entrepreneurship depends on many factors. Culture, ethical approaches, opportunities to grow, access to technology and finance and governmental policies, all play a vital role.

Although entrepreneurship has been remarkably researched, more needs to be done. A major question remains: are entrepreneurs born or made? Many answers have been searched; the management guru, Peter Drucker advises: “The entrepreneurial mystique? It’s not magic, it’s not mysterious, and it has nothing to do with the genes. It’s a discipline. And, like any discipline, it can be learned.”<sup>2</sup> This means that entrepreneurship or a few of its

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<sup>1</sup> “American Entrepreneurship”, [http://www.americanfamilytraditions.com/Entrepreneurial\\_Spirit.htm](http://www.americanfamilytraditions.com/Entrepreneurial_Spirit.htm)

<sup>2</sup> Kuratko Donald F., “The emergence of entrepreneurship education: development, trends, and challenges”, <http://www.highbeam.com/doc/1G1-135818422.html>, September 1<sup>st</sup> 2005

aspects can be taught. However, the key to be a successful entrepreneur is in discovering what one is best at and how smartly one uses one's skills. In other words, Michael Dell may have failed, had he headed Sam Walton's Wal-Mart or vice versa. As both these entrepreneurs found their strengths and passion, they were highly successful. Like Neal Thornberry, professor of management at the Babson College<sup>3</sup> said, "The secret is to find something you have a passion for."<sup>4</sup>

However not all entrepreneurs are successful. Definitely, there is something that separates successful entrepreneurs from the not-so-successful ones. This book helps aspiring entrepreneurs know that. By providing incisive profiles of prolific entrepreneurs in various fields, this book examines how businesses are run in different ways, but still manage to achieve their goals. In presenting the success stories of many entrepreneurs, the purpose of this book is to enable upcoming entrepreneurs understand the passion and brilliance of those who have created extraordinary companies. The intention is not so much to emulate their styles, but more to observe them and draw lessons that would help would-be entrepreneurs in becoming better by discovering, developing and polishing their own entrepreneurship styles. Readers can keenly see this objective unfold in numerous cases like that of Arthur D. Levinson, the scientist with little managerial experience. He stuck to a simple strategy of making effective medicines rather than blockbuster medicines, largely benefiting his biotechnology research company, Genentech. More evidence can be had from the case of Dr. G. Venkataswamy, the founder of Aravind Eye Hospitals, who ran it at profits in spite of performing two-thirds of surgeries for free.

Whether it is the case of Donald Trump, who uses his talent to grab lucrative deals and exaggerates his achievements to gain a competitive edge, or of Robert E. Rubin, the man who pioneered the concept of executive entrepreneurship, each case in this book demonstrates different ways of an entrepreneur leveraging on an idea, formulating strategies and attaining success. In the process, this book, uncovers the attributes required for becoming a successful entrepreneur.

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<sup>3</sup> Located at Wellesley, Massachusetts, Babson College is internationally recognised as providing entrepreneurial leadership skills in a changing global environment.

<sup>4</sup> Perman Stacy, "Encouraging Entrepreneurship at Work", [http://www.businessweek.com/smallbiz/content/aug2006/sb20060809\\_083684.htm?chan=search](http://www.businessweek.com/smallbiz/content/aug2006/sb20060809_083684.htm?chan=search), August 9<sup>th</sup> 2006