

roles: (1) *interpersonal*—figurehead, leader, and liaison; (2) *informational*—monitor, disseminator, and spokesperson; and (3) *decisional*—entrepreneur, disturbance handler, resource allocator, and negotiator.



### 1.6 The Entrepreneurial Spirit

Entrepreneurship, a necessary attribute of business, is the process of taking risks to create a new enterprise. Two types are (1) the *entrepreneur*, who sees a new opportunity for a product or service and launches a business to realize it; and (2) the *intrapreneur*, working inside an existing organization, who sees an opportunity for a product or service and mobilizes the organization's resources to realize it. Entrepreneurs start businesses, managers grow or

maintain them. Both (but especially entrepreneurs) have a high need for achievement, high energy level and action orientation, and tolerance for ambiguity. Entrepreneurs are more self-confident and have higher tolerance for risk.



### 1.7 The Skills Exceptional Managers Need

The three skills that exceptional managers cultivate are (1) *technical*, consisting of job-specific knowledge needed to perform well in a specialized field; (2) *conceptual*, consisting of the ability to think analytically, to visualize an organization as a whole, and to understand how the parts work together; and (3) *human*, consisting of the ability to work well in cooperation with other people in order to get things done.

## Management in Action

### Target Is Trying to Overcome the Problem of “Showrooming”

Target Corp. is tired of being used. In one of the starkest signs yet that the chain stores fear a new twist in shopping, Target is asking suppliers for help in thwarting “showrooming”—that is, when shoppers come in to see a product in person, only to buy it from a rival online, frequently at a lower price.

Last week in an urgent letter to vendors, the Minneapolis-based chain suggested that suppliers create special products that would set it apart from competitors and shield it from the price comparisons that have become so easy for shoppers to perform on their computers and smartphones. Where special products aren't possible, Target asked suppliers to help it match rivals' prices. It also said it might create a subscription service that would give shoppers a discount on regularly purchased merchandise.

“What we aren't willing to do is let online-only retailers use our brick and mortar stores as a showroom for their products and undercut our prices without making investments, as we do, to proudly display our brands,” according to the letter, which was signed by Target Chief Executive Gregg Steinhafel and Kathee Tesija, Target's executive vice president of merchandising.

Showrooming is an increasing problem for chains ranging from Best Buy Co. to Barnes and Noble Inc., at the same time that it's a boon for Amazon.com Inc.

and other online retailers. This year [2011] store sales overall edged up 4.1% during the holiday shopping season, while online sales jumped 15%. And while online sales represent only 8% of total sales, that is up from 2% in 2000. . . .

Vendors are likely to have little choice but to play ball with Target because of its clout as the second-largest discount chain . . .

Target declined to comment other than to issue a statement saying it “has long prided itself on having truly collaborative vendor partnerships and we continually work with our vendors to remain competitive in the ever-evolving retail environment.”

Some analysts said Target's new tactics are unlikely to reverse the showrooming trend, because they fail to address the root problems traditional retailers face. Online-only retailers have significantly lower labor costs and, at least for the time being, don't collect sales tax in most states.

More important, the growing competition from Amazon is based on a different business model entirely; Amazon can sell products so cheaply because it uses its other profitable units—such as cloud data storage and fees it charges others to sell on its website—to subsidize the rest of its business.

“The traditional retailers are still doing business the old way while Amazon has reinvented the model,” says Sucharita Mulpuru, retail analyst at Forrester Research.

“Walmart and Target are willing to sell a few things at a loss. Amazon’s whole business is a loss leader.”

Consumer preferences are also moving to online. “That is where we’re heading,” said Adrienne Shapira, retail analyst at Goldman Sachs. “You can try and dance around it, but it’s a fact.”

Retailers like Target and industry giant Walmart Stores, Inc. have a lot of catching up to do, as analysts estimate their websites account for only 1% to 2% of their annual sales. . . .

This fall Target relaunched and upgraded its website, which has been operated by Amazon for the last decade. But the site crashed several times, most notably when shoppers rushed to buy a special line of items made by Italian fashion house Missoni.

Target has a long tradition of getting suppliers to provide exclusive products. It has teamed up for years with fashion designers to offer time-limited discount clothing collections, and it recently announced it will open a series of temporary boutiques featuring clothes, food, and home furnishings from popular regional stores.

## FOR DISCUSSION

1. Do you engage in showrooming? If yes, describe why.
2. Which of the six managerial challenges discussed in this chapter is Target facing? Discuss.
3. Using Figure 1.1 as a guide, describe how Target is trying to overcome competition from Internet providers of similar products.
4. To what extent did Target display an entrepreneurial orientation while trying to combat showrooming? Explain.
5. If you were a consultant to Target, what would be your recommendation to overcome showrooming? Discuss.

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## Self-Assessment

### To What Extent Do You Possess an Entrepreneurial Spirit?

#### OBJECTIVES

1. To assess whether or not you have motivations, aptitudes, and attitudes possessed by entrepreneurs.
2. To consider whether or not you would like to start your own company.

#### INTRODUCTION

Earlier in the chapter we noted that small businesses are creating the majority of new jobs in the United States. We also discussed a variety of personal characteristics that differentiate managers from entrepreneurs. The overall goal of this exercise is for you to take a self-assessment that allows you to compare your motivations, aptitudes, and attitudes to those found in a sample of entrepreneurs from a variety of industries.

#### INSTRUCTIONS

Take an entrepreneurial self-assessment at [http://www.bdc.ca/EN/advice\\_centre/benchmarking\\_tools/Pages/entrepreneurial\\_self\\_assessment.aspx](http://www.bdc.ca/EN/advice_centre/benchmarking_tools/Pages/entrepreneurial_self_assessment.aspx). The quiz enables you to compare your motivation, aptitudes, and attitudes to a group of entrepreneurs.

#### QUESTIONS FOR DISCUSSION

1. To what extent are your motives, aptitudes, and attitudes similar to entrepreneurs? Explain.
2. Based on your results, where do you have the biggest gaps with entrepreneurs in terms of the individual motives, aptitudes, and attitudes?
3. What do these gaps suggest about your entrepreneurial spirit? Discuss.
4. Do these results encourage or discourage you from thinking about starting your own business? Explain.