BILL AULET: Hi. My name is Bill Aulet. I'm going to talk about disciplined entrepreneurship-- 24 steps to successfully launching a new venture. What I'm going to start with is, what is entrepreneurship? Because this term is used all the time. It's bandied about. Everyone's for entrepreneurship. However, there's two fundamentally different types of entrepreneurship that I want to talk about.

First of all, we have entrepreneurship. We have what we'll call SME entrepreneurship. SME stands for Small Medium Enterprise entrepreneurship. These are fundamentally small companies that will stay small, and they may have been around for a while. They're focused on local markets. They're often service businesses that are servicing a local opportunity, but they're not something that's looking to go global. They know there's a need local. They want to address that. This could be a dry cleaner. This could be a nail salon. This could be a restaurant or a pizza parlor as we reference in the paper that Fiona Murray and I wrote.

These are fundamentally important companies to an economy and a region because they serve a need. But relative to the way they're made up is the system that they create is one that shows kind of linear growth, and then at some point it usually taps out of the market. Now, this is an approximation of what goes on. But that's what it usually look like-- linear growth [INAUDIBLE].

But you notice that if this is cash flow here from the business, that there's not a tremendous amount of cash flow out. Again, a simplification.

However, when we go to IDEs over here, which I will call Innovation Driven Entrepreneurship or Innovation Driven Enterprise Entrepreneurship, we have a fundamentally different business. This one is looking for global markets or super regional markets to serve. And while this one is usually owner-- the owner is usually maintaining control of it. This one is going to require more cash because the dynamics of this business look-- it loses money and then it's going to start showing exponential growth.

So there's this negative cash flow here. This is cash flow on the y-axis and this is time along the x-axis. It will initially have to require some capital be put into it. But then if it works, it will take off because it's got basically unlimited markets. Underlying what they're doing here is an innovation that's unique that allows them to address much broader markets.

So they're not just focused on the local market but much broader markets. This is very important. If this is going to require more cash, as I mentioned, while this is owned by the-- this is controlled by the family or the owner. This over here is going to have shareholders and a bunch of other people. This is very important difference here. Because while this business is a very important business, the underlying demographics for it-- the underlying system and training for this does not look the same as this.

It's almost like you have two sports, basketball and baseball. Sure you run into both. You jump in both. But-- and that's true of these. But Michael Jordan was a great basketball player. He turned out not to be great baseball player. All his training was for that. So likewise, there could be some crossover here. But generally, there's more risk in these. The people that are trained for these are doing-- how to manage multiple stakeholders, how to do an underlying innovation.

In the next section, we're going to look at what is innovation and define that more precisely. But the point of this is, two types of entrepreneurship, Small Medium Enterprise entrepreneurship, small companies distributed geographically, and then Innovation Driven Enterprise Entrepreneurship-- companies that might not make it. But then if they make it, they get to grow and be very, very big. These end up-- you don't need a lot of these to generate a lot of jobs. These you need a lot. These tend to be more clustered. These tend to not be so clustered.