

IDEA



What is Entrepreneurship?

Initiative for the Development of Entrepreneurs in Agriculture

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Recently the Illinois Extension Service initiated a novel new project called the Agricultural Entrepreneur Development Initiative (AEDI), <http://web.extension.uiuc.edu/iidea/>. This project seeks to promote the development of entrepreneurial activity in agriculture.

What is entrepreneurship?

The word entrepreneurship literally means, “to take or carry between” in the sense of an economic transaction; to be a market-maker. It does not literally convey the notion of innovation that we commonly associate with the term. Joseph Schumpeter (1883 – 1950), one of the most well known theorists on entrepreneurship, defined an entrepreneur as one who reorganizes economic activity in an innovative and valuable way. That is, an entrepreneur is one who engages in a new economic activity that was previously unknown. An entrepreneur is a risk taker because being innovative means there are few rules or history for guidance.

Entrepreneurship and agriculture; what is the connection?

This definition has great application to modern agriculture as producers are searching for new ways to increase their incomes. Commodity markets in recent years have failed to provide the typical Midwest producer with a proper return on investment. No matter how hard producers attempt to reduce costs and improve efficiency they can't seem to get ahead. This has forced many in agriculture to look for new business models that allow for greater value creation and most importantly greater value capture.

What is involved in Entrepreneurship?

- 1) Risk. Whether it is servicing soy

processors or independent grocers, the Ag Guild and Branded Lamb ventures are novel for both the farmers and for the buyers.

- 2) Knowledge. Both ventures had a lot to learn about the needs of their clients in order to change their own production practices.
- 3) Hard Work. Not only were these new markets difficult to locate, they are difficult to service. Clients' needs are constantly changing and the ag entrepreneur has to be prepared for that.

If you would like more information on this topic, please contact Dr. Peter Goldsmith at: pgoldsmi@uiuc.edu.