

# Investment, Business or Entrepreneurship?

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**SUMMARY:** *These **three 'business' levels** are often presented under the term 'business' or 'investment' when a typical proprietor is presumed to be the employee, investor, business owner and entrepreneur. They get registered under business names and engage in of risk-taking, buying and selling as a business model. They operate from a business premises and get issued with business permits.*

*Confusing the engagements in the three levels leads to the collapse of a group's ventures.*

## 1 Investment (financial)

The words 'investment' and 'investor' are often misused by banks, insurers, churches, advertisers, schools and governments to make it sound like investment is a payment made towards ownership or innovation.

Strictly speaking, investment is the act of **lending money to someone who does business** with it and then **repays** the *loan* with **interest** or **dividends**. It may involve **reselling items whose prices appreciate**.

*Investment is a **money game** and not a job!*

Typically, investors **do not get involved in the management** of a business, i.e., creating value, delivering services or paying debts. Financial investors are neither employees nor owners of the businesses in which they invest; they are **lenders to other businesses**. For this reason, investing is considered a **low-risk** tool of **growing money** safely away from inflation.

It is rare for an investment to return more than 10% of the initial value within a year. A speculation that promises above 10% or combines ownership with investment is likely to be a Ponzi or pyramid scheme.

## 2 Business: self-employment or retail

A typical business involves workers who wake up every day to **convert raw** materials and services into something that customers are **already** paying for. Examples are hotels, *matatus*, *kinyozis* and schools.

Strictly speaking, a typical business is an **employment mechanism** that commits both the **business owners** and their **employees** into a **daily occupation**. The business owners become self-employed as they commit their **daily** lives towards the progress and success of the business.

Typical returns for a business are more than 50% per year; this varies depending on the nature, location and *season* of the business, together with the skillfulness and strategies of the operators.

Although the returns of businesses are quite high, the catch is that businesses incur expenses that cut into the profits. Unlike investments, businesses pay for employees, supplies, utilities, licences and permits.

### 3 Entrepreneurship

This is the business level with the highest risks as well as the most superb avenues for generating wealth through **super-profits**.

Although entrepreneurial activities are registered under business regulations just like typical businesses, they should not be confused with retail or self-employment.

#### 3.1 Novelty and Super Scaling

The fundamental **differences** between **entrepreneurship** and normal businesses are that entrepreneurship involves –

- introduction of a **new technology**;

- innovation of a **new method of distribution**; and
- a smart **strategy to scale up** to infinite sales.

Although textbooks describe the launching of a kiosk as entrepreneurship, it is self-sabotage to use such a big fancy word to describe a simple ordinary business model.

#### 3.2 Factorial structure

If your goal is not to establish **hundreds of outlets** or **independent partnering distributors**, please do not call yourself an entrepreneur even when your simple supermarket collects billions as turnover!

An entrepreneur seeks to setup **multiple copies of the same business** in different places, businesses, occupations and sectors.

Here is a simple illustration using *Uber*.

- *Uber* engages in **entrepreneurship**.
- *Uber* taxi owners engage in **business**.
- *Uber* drivers engage in **employment**.

Entrepreneurship has a **factorial element**; entrepreneurship is the setting up of a business (model) through which other isolated businesses can do bigger business.

*An entrepreneur turns businesses into **his** clients and customers into **his** businesses!*

Entrepreneurship creates multiple copies of a system in which **people trade through you and through your inventions**.

### 3.3 Adventurous risks

The word entrepreneurship literally means an **adventure**. If what you are doing is not an adventure into the great *unknowns* of **replicating business platforms**, be honest and call yourself a simple businessman.

Entrepreneurs take on higher risks to reach for **wider and wilder opportunities** than those of businessmen. Seen the fancy failed startups? Entrepreneurs are dreamers!

*An entrepreneur takes **adventurous risks**;  
Dozens of simpletons take risky adventures!*

### 3.4 Intelligent motive / Smartness

Entrepreneurship cannot be achieved by simple minds. Entrepreneurs seek to **venture out** of their schools, families, tribes, religions, cultures, countries and continents. Group think isn't their staple.

You cannot get **entrepreneurial partners** out of people who think within the cocoon of their gender group, societal clique or ethnic cluster. There is a reason why the phrase **think outside the box** is synonymous with entrepreneurs.

***Think outside the books!***  
***Think outside the boss!***

The imprudent speech-writers in the government together with the unwise university professors claim that entrepreneurship is a doctrine that can be

taught in class! We have sky-wide examples of entrepreneurs who **dropped from and stepped out** of the closed lines of thinking promoted by academia and governments.

*Universities lack **universal** thinking!*

### 3.5 Social motive

*Businessmen read a lot of books.*

*Entrepreneurs **write** everything!*

Narrow minds that fear the social risks of meeting **different cultures** will not read **facts** about the ventures, journeys and failures of other entrepreneurs.

*Entrepreneurs are driven by **intelligent motives** and not motivational quotes!*

There is a reason why the Wright **Brothers**, - American bicycle businessmen - turned into aircraft **entrepreneurs**. Their (right-hand) sister, **Katherine Wright**, came in at the right time to open avenues for them to **interact** and **trade with foreigners**, specifically the French! The universities?

### 3.6 Leadership motive

Entrepreneurs, been **leaders** rather than position holders, desire to take people to a **new direction**. They build **social bridges** between ordinary people and use them to **inspire** the labour force that brings about the **business networks** that will support the leader's business model.

*Entrepreneurs work to **connect** people;  
Businessmen work to employ people!*