Chapter 1

Should You Become an Entrepreneur?

1.1 All About Entrepreneurship
1.2 Is Entrepreneurship Right for You?
1.3 Exploring Ideas and Opportunities
1.4 Problem Solving for Entrepreneurs
Lesson 1.1

All About Entrepreneurship

Goals

- Define entrepreneurship.
- Recognize the role entrepreneurs play in the U.S. economy.
- Examine the reasons that businesses succeed or fail.
What is an Entrepreneur?

- **entrepreneurs**
  - people who own, operate, and take the risk of a business venture

- **entrepreneurship**
  - running a business of one’s own
Entrepreneurs identify unmet needs in the marketplace.

- They provide a service or product to meet those needs.
employees

- people who work for someone else
- are subjected to neither the risks nor benefits of business ownership
Reasons for becoming an entrepreneur include:
- the desire to set your own schedule
- the need to work out of your home
- the wish to pursue a personal dream
Types of Entrepreneurial Businesses

- manufacturing
- wholesaling
- retailing
- service
<table>
<thead>
<tr>
<th>TYPES OF BUSINESSES</th>
<th>Manufacturing</th>
<th>Wholesaling</th>
<th>Retailing</th>
<th>Service</th>
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</thead>
<tbody>
<tr>
<td>Manufacturing</td>
<td>Apparel and other textile products</td>
<td>Apparel</td>
<td>Auto and home supply stores</td>
<td>Appliance repair</td>
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<tr>
<td></td>
<td>Chemicals and related products</td>
<td>Electrical goods</td>
<td>Building materials and supply stores</td>
<td>Automotive repair</td>
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<td>Electronics and other electrical equipment</td>
<td>Groceries and related products</td>
<td>Clothing stores</td>
<td>Babysitting</td>
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<td>Fabricated metal products</td>
<td>Hardware, plumbing, and heating equipment</td>
<td>Clothing stores</td>
<td>Bookkeeping</td>
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<td></td>
<td>Food products</td>
<td>Lumber and construction materials</td>
<td>Florists</td>
<td>Consulting</td>
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<td></td>
<td>Industrial machinery and equipment</td>
<td>Machinery, equipment, and supplies</td>
<td>Furniture stores</td>
<td>Dance instruction</td>
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<td></td>
<td>Printing and publishing</td>
<td>Motor vehicles and automotive equipment</td>
<td>Gift, novelty, and souvenir stores</td>
<td>Electrical services</td>
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<td>Rubber and miscellaneous plastic products</td>
<td>Paper and paper products</td>
<td>Grocery stores</td>
<td>Exterminators</td>
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<tr>
<td></td>
<td>Stone, clay, and glass products</td>
<td>Petroleum and petroleum products</td>
<td>Hardware stores</td>
<td>Flower decorating</td>
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</tbody>
</table>

Source: Small Business Administration
Other Entrepreneurial Businesses

- agricultural
- mining and extracting
Describe different types of entrepreneurial businesses.
Recognizing Opportunity

- Many companies began with one person who started a business based on a single opportunity.
- Small businesses employ more workers than all of the country’s large corporations combined.
Entrepreneurs Who Changed America

- Starbucks Coffee Company
  - retailer of coffee products
  - introduced new product, Espresso
  - became international coffeehouse franchise
The Home Depot

- corporate vision was to provide home improvement products
  - at the lowest price
  - with the best customer service
- within 30 years, has expanded to 2,100 stores
HARPO Productions, Inc.
- founded in 1986
- Oprah Winfrey is the first woman in history to own and produce her own talk show
  - HARPO Entertainment Group
  - HARPO Films
  - HARPO Video
Describe how one of the entrepreneurs discussed above recognized an opportunity to develop a successful business.
Business Success or Failure

- Over half of all new businesses fail within their first four years.
- Success requires a firm understanding of how to run a business.
- Perseverance is a requirement for success.
What factors contribute in helping a business to succeed?
Lesson 1.2
Is Entrepreneurship Right for You?

Goals
- Identify the characteristics of successful entrepreneurs.
- Identify the characteristics of good team members.
- Assess whether you have what it takes to succeed in your own business.
Characteristics of Successful Entrepreneurs

Successful entrepreneurs are:

- independent
- self-confident
- determined
- goal-oriented
- achievement-oriented
• inclined to set high standards for themselves
• creative
• able to act quickly
• technologically savvy
Name three important characteristics of entrepreneurs.
Characteristics of Good Team Members

Good team members display the following traits:
- commitment
- competency
- communication
- cooperation
- creativity
Why is it important for entrepreneurs to be good team members?
Are You Right for Entrepreneurship?

- **self-assessment**
  - an evaluation of your strengths and weaknesses

- **aptitude**
  - the ability to learn a particular type of job
Job Attributes Checklist

1. I enjoy working with numbers.
2. I enjoy working outdoors.
3. I enjoy working with my hands.
4. I enjoy selling.
5. I like working with people.
6. I prefer to work alone.
7. I like supervising other people.
8. I like knowing exactly what it is I am supposed to do.
Assess the Advantages of Entrepreneurship

Advantages of entrepreneurship include:

- being your own boss
- choosing a business of interest to you
- being creative
- making large sums of money
Assess the Disadvantages of Entrepreneurship

- Disadvantages of entrepreneurship include:
  - risk
  - uncertain and irregular incomes
  - long hours
  - all decisions are made independently
Lesson 1.3
Exploring Ideas and Opportunities

Goals

- Identify sources for new business ideas.
- Recognize different business opportunities.
- Identify your own personal goals.
Terms

- opportunities
- ideas
- trade shows
Look for Ideas

- opportunities
  - possibilities that arise from existing conditions

- ideas
  - thoughts or concepts that come from creative thinking
Ideas come from a variety of sources including:

- hobbies and interests
- past experiences
- discovery and invention
Where do new ideas for businesses come from?
Investigate Opportunities

- Research can help you determine what is missing in a particular market.
  - Internet
  - Library
  - Small Business Administration
- Trade shows
  - Special meetings where companies of the same or related industry display their products
Compare Different Opportunities

For each business opportunity, you should consider:

- Will people buy my product or service?
- How much money is required to start the business?
- How many hours per week will it take to run the business?
What are the business risks?
Do I have the right background to run this business?
What income will this business generate?
How can you find out about various business opportunities?
## Setting Goals

### SMART GOALS

<table>
<thead>
<tr>
<th>Specific</th>
<th>Goals should be specific and answer “What?” “Why?” and “How?”</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measurable</td>
<td>Goals should establish ways to measure your progress</td>
</tr>
<tr>
<td>Attainable</td>
<td>Goals should not be too far out of reach</td>
</tr>
<tr>
<td>Realistic</td>
<td>Goals should represent things to which you are willing to commit</td>
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<tr>
<td>Timely</td>
<td>Goals should have a timeframe for achievement</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Goal</th>
<th>I will learn more about starting my own business.</th>
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<tbody>
<tr>
<td>SMART Goal</td>
<td>I will learn more about starting my own catering business by obtaining information from the Small Business Administration and talking with the owners of three local catering businesses by the end of the month.</td>
</tr>
</tbody>
</table>
Financial Goals

- Financial goals should be:
  - realistic
  - measurable
  - easily attainable in the time allotted
Nonfinancial Goals

- Nonfinancial goals may include:
  - personal satisfaction
  - serving a community need
  - enjoying personal independence
Why are financial goals important? Name some nonfinancial goals an entrepreneur may have.
Lesson 1.4

Problem Solving for Entrepreneurs

Goals

- List the six steps of the problem-solving model.
- Describe ways to improve your problem-solving skills.
Terms

- brainstorming
Use the Problem-Solving Process

- **Step 1**: Define the Problem
- **Step 2**: Gather Information
- **Step 3**: Identify Various Solutions
- **Step 4**: Evaluate Alternatives and Select the Best Option
- **Step 5**: Take Action
- **Step 6**: Evaluate the Action
Define the Problem
- write down what the problem is
- define why it is a problem
- quantify the problem

Gather Information
- collect information that can help solve the problem
Identify Various Solutions
- identify all possibilities before selecting a particular solution

Evaluate Alternatives and Select the Best Option
- quantify or rank alternatives
- Take Action
  - implement the solution
- Evaluate the Action
What are the six steps in the problem-solving process?
Problem-Solving Skills

- **Communicating**
  - communicate clearly and confidently
  - listen well

- **Brainstorming**
  - a creative problem-solving technique
  - generates a large number of fresh ideas
Learning from Mistakes

Mistakes are a learning experience.
How can you improve your problem-solving skills?
PERFORMANCE INDICATORS EVALUATED

• Evaluate and delegate responsibilities needed to perform required tasks.
• Demonstrate effective teamwork skills needed to function in a business setting.
• Demonstrate knowledge of multimedia software and components.
- Demonstrate effective oral communication skills.
- Apply technical skills to create a multimedia presentation which enhances the oral presentation.
THINK CRITICALLY

1. Why must entrepreneurs look at future trends when making business decisions?
2. Why should entrepreneurs look beyond current technology trends when making business decisions?
3. Why should statistics be used for this presentation?

4. How are entrepreneurs affected by a global economy?