Entrepreneurship DNA

Mwata Chisha
Essential Knowledge

- Why do individuals start businesses?
- What is the mindset of an entrepreneur?
- What are the opportunities and threats for small businesses?
- What are options for starting a new business?
- Where can entrepreneurs get assistance?
- What are funding sources for small businesses?
- What contribution does small business make to the economy?
LAUNCHING NEW VENTURES: WHAT’S IN IT FOR ME?

- Greater Financial Success
- Independence
- Flexibility
- Challenge
- Survival

On any given day in the United States, more people are trying to start a new business than are getting married or having children.
Entrepreneurs - People who risk their time, money, and other resources to start and manage a business.
THE ENTREPRENEUR: A DISTINCTIVE PROFILE

Vision

Self-Reliance

Energy

Confidence

Tolerance of Uncertainty

Tolerance of Failure

© 2009 South-Western, a division of Cengage Learning
OPPORTUNITIES FOR SMALL BUSINESS

- Opportunities:
  - Market Niches
  - Personal Customer Service
  - Lower Overhead Cost
  - Technology
THREATS FOR SMALL BUSINESS

• Threats:
  - Higher Risk of Failure
  - Lack of Knowledge and Experience
  - Too Little Money
  - Bigger Regulatory Burden
  - Higher Health Insurance Costs
Failing with Style

- Walt Disney was fired from an ad agency for a “singular lack of drawing ability.”
- Ray Kroc, McDonald’s founder, failed at real estate, he didn’t discover the McDonald brothers’ hamburger stand until he was 52 years old.
- Steve Jobs, founder of Apple computer, was dumped by his board of directors, but returned a decade later to launch the iMac and the iPod.

Your failure may be the first step of the next big thing.
LAUNCH OPTIONS

- Starting from scratch
- Buying an established business
- Buying a franchise
# Starting a Business from Scratch

<table>
<thead>
<tr>
<th>Key Pros:</th>
<th>Key Cons:</th>
</tr>
</thead>
<tbody>
<tr>
<td>It’s all you: Your concept, your</td>
<td>It’s all you. That’s a lot of pressure.</td>
</tr>
<tr>
<td>decisions, your structure.</td>
<td>It can be hard to get credit.</td>
</tr>
<tr>
<td>You don’t have to deal with the</td>
<td>Logistics can be challenging</td>
</tr>
<tr>
<td>prior owner’s bad decisions.</td>
<td>It takes time, money, and sheer sweat to build a</td>
</tr>
<tr>
<td></td>
<td>customer base.</td>
</tr>
</tbody>
</table>

© 2009 South-Western, a division of Cengage Learning
BUYING AN ESTABLISHED BUSINESS

<table>
<thead>
<tr>
<th>Key Pros:</th>
<th>Key Cons:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• The concept, organizational structure, and operating practices are in place.</td>
<td>• Working with someone else’s idea may not be fun.</td>
</tr>
<tr>
<td>• Relationships are established.</td>
<td>• You may inherit old mistakes.</td>
</tr>
<tr>
<td>• Obtaining financing is less challenging.</td>
<td></td>
</tr>
</tbody>
</table>
# BUYING A FRANCHISE

<table>
<thead>
<tr>
<th>Key Pros:</th>
<th>Key Cons:</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Partnering with established brand</td>
<td>• Less opportunity for creativity</td>
</tr>
<tr>
<td>• Possibility of assistance with management and financing</td>
<td>• Tied to national brand’s mistakes</td>
</tr>
<tr>
<td>• Low failure rate</td>
<td>• Purchase price and ongoing royalties can be steep</td>
</tr>
</tbody>
</table>

© 2009 South-Western, a division of Cengage Learning
TOOLS FOR BUSINESS SUCCESS

- Small Business Administration
- Gain Experience
- Learn from Others
- Educate Yourself
- Business Plan
Entrepreneurship Test

do you have what it takes to be an entrepreneur?
My Test

- Q1. Do you want to make a lot of money?
  My answer: Yes, double yes.

Q2. Do you want to be your own boss?
My answer: Yes, who really wants a boss?

Q3. Do you have great ideas you want to see succeed?
My answer: Yes, every day. Want to hear some?
Your Test

Q1. Are you resilient?

Q2. Can you ask for help?

Q3. Can you get people to follow you?

Q4. Do you like to network and meet people

Q5. Do you like to sell?

Q6. Do you do well in ever-changing chaos?

Q7. Can you live on a variable monthly compensation?

Q8. Do you have a good personal support structure?

Q9. Are you action oriented?

Q10. Can you hold a real job and work for someone else?
Evaluation

- Entrepreneurship test is tough.
- If you responded in the affirmative to 8 questions or more, you are ready to venture out on your own.
- If you responded in the affirmative to less than 8 questions, you are not ready yet.
- If you are not in employment, look for a job in a growing company and learn what you need.
TOOLS FOR BUSINESS SUCCESS

- Small Business Administration
- Gain Experience
- Learn from Others
- Educate Yourself
- Business Plan

© 2009 South-Western, a division of Cengage Learning
BUSINESS PLANS: THE ROADMAP

- Executive Summary
- Description of Business
- Competitive and Industry Research
- Marketing Strategies
- Operating Procedures
- Personnel
- Financial Projections
FINDING THE MONEY: FUNDING OPTIONS

- Personal Resources
- Loans
- Angel Investors
- Venture Capital
It is not about Money....