

Careers in Entrepreneurship

Entrepreneurs start new businesses and take on the risk and rewards of being an owner. This is the ultimate career in capitalism - putting your idea to work in a competitive economy. Some new ventures generate enormous wealth for the entrepreneur. However, the job of entrepreneur is not for everyone. You need to be hard-working, smart, creative, willing to take risks and good with people. You need to have heart, have motivation and have drive.

One of the best things about pursuing a career as an entrepreneur is the wide-open possibilities.

There is room in many economies throughout the globe for entrepreneurship - such as India, Brazil, Dubai, the U.S. or Kenya. There are many industries where wealth creation is possible be it the Internet and IT, personal services, media, engineering or small local business (e.g., dry cleaning, electronics repair, restaurants). But there is a downside of entrepreneurship too. Your life may lack stability and structure. Your ability to take time off may be highly limited. And you may become stressed as you manage cash flow on the one hand and expansion on the other.

Three out of five new businesses in the U.S. fail within 18 months of getting started.

It's important to be savvy and understand what is and is not realistic. The web is chock-full of come-ons promising to make you rich. Avoid promotions that require you to pay up front to learn some secret to wealth. Understand that the market is more or less efficient - which means that if a bunch of people know a sure way to be a millionaire then the opportunity has probably already been competed away. On the other hand, look for inefficiencies in markets. Places where a better idea, a little ingenuity or some aggressive marketing could really make a difference.

Think about problems that people would pay to have a solution to. It helps to know finance. It's a must to really know your product area well. What do consumers want? What differentiates you from the competition? How do you market this product? A formal business plan is not essential, but is normally a great help in thinking through the case for a new business. You'll be investing more in it than anyone else, so treat yourself like a smart, skeptical investor who needs to be convinced that the math adds up for the business you propose starting.

Entrepreneurs have many personalities. A number never finished college. Some are fiery revolutionaries. Some are gentle souls with a good idea. Some are driven but difficult. Some have grown up in the most difficult circumstances imaginable - emerging with enormous determination to strive for greatness. Others are pleasant, personable and compassionate renegades. Generally, there will be a life event, key motivator or a source of inspiration that causes a person to strike out on their own rather than work inside a larger company. Sometimes it is cubicle fatigue or, worse, getting fired. Other times it is an "aha moment" where an insight or innovation into how an industry or business could be done differently arises. Sometimes it's a bad boss.

The possibilities in entrepreneurship are endless. The rewards can be high. And the risks are undoubtedly high too. But, if you have drive, creativity and the desire to be your own boss, this may very well be the career for you. Good luck!

Skills and Talents Required

Entrepreneurs are a diverse set of people -- with a range of personalities and a range of temperaments. In fact, they are difficult to pigeonhole. Entrepreneurs tend to need a well rounded portfolio of skills since they frequently only have themselves to depend on and do not have the luxury of others making up for any deficiency they might have. Entrepreneurs are not risk-focused, but opportunity-focused. Many of the traits found in successful entrepreneurs are

Comment [Office1]: I like how there are no limits to what you can do. The possibilities in this field are endless.

Comment [Office2]: Entrepreneurship is not easy and I understand that. Most of the businesses that start end up failing so I will need to be extra careful. I like that there is challenge as I will learn from it.

Comment [Office3]: The way to succeed is to find a niche in the market or solve a problem.

Comment [Office4]: I like that one does not need a degree or college to be successful.

Comment [Office5]: This excites me, the idea of being my own boss. I can guide my own life and be the determinant factor of my own success.

found among successful leaders and managers in all types of organizations, not just entrepreneurial businesses.

Core Required Skills:

Communication Skills	High
Flexibility and Adaptability	High
Energy Level	Very High
Need for Achievement	Very High
Work Ethic	Very High
Honesty and Integrity	Very High
Initiative	Very High
Optimism	Very High
Self-Confidence	Very High
Tolerance of Ambiguity	Very High
Total Commitment	Very High

Comment [Office6]: The skills listed down below are the key traits I will need to have in order to pursue this career. I feel as if I already have many of those skills but they can always be improved.

Some Key Skills and Traits Associated with Success Get Used to Rejection.

For every entrepreneurial venture that succeeds, ten fail and ten more never get off the ground to be recognized as a failure. Did you know that Colonel Sanders tried to license his famous chicken recipe 1,009 times before he got his first yes? You not only have to be able to deal with failure, but learn from it for future business ventures.

Comment [Office7]: It is key to learn from your mistakes and implement it into the future.

Networks Offer Great Opportunities.

Your ability to partner with others will greatly enhance your chances of success. You need the skills and personality that allow you to cooperate. You can tie businesses together so that they share regional, national, or worldwide production, purchasing, distribution channels, information systems, data bases, and R&D.

Comment [Office8]: Speaking skills are important here as I will need to convince the other person that they will need me.

You Need to Sell, Sell, and Sell.

Entrepreneurs are always selling -- to customers, to bankers, to vendors, to employees, to investors, to suppliers, etc. Your ability to sell your concept, your business, and yourself to others is important. You need excellent persuasion skills. And keep in mind that the most persuasive pitch comes from a true believer, so the first person who has to be truly sold on the idea is you.

Comment [Office9]: The only way to be able to do this is to have true passion. Entrepreneurship must be something that you actually want to do.

You Need a Strong Cross-Functional Skill Base.

If you're just starting a business you usually cannot afford to hire other employees at first. Thus you have just yourself to depend on (unless you have a partner). You need a solid business background with understanding of all functional areas. You have to be a one person multi-functional team.

Comment [Office10]: I will need to improve in other areas of business such as finance and marketing.

Poor Business Skills Account for Most Failures.

Most small companies fail due to: 1) managerial incompetence or inexperience, 2) neglect of the enterprise, 3) ineffective business controls, and 4) undercapitalization. If entrepreneurs did their

homework and made sure that they had the necessary portfolio of skills and knowledge concerning the business, many could avoid at least some of these pitfalls.

Entrepreneurship: Options

There are many routes to becoming an entrepreneur which include:

Start a New Business Concept

You come up with a new idea for an innovative business be it a new type of hamburger restaurant, waste hauling service or web site. You figure out what resources are needed to launch it -- money, retail space, equipment, employees -- and get started.

Comment [Office11]: I will need to do my homework and see everything I will need in order to start a new business.

Buy a Franchise

Some who have a strong desire to own their own business and be their own boss choose to buy a franchise. A franchise is defined as an agreement between a small business owner, the franchisee, and the parent company, the franchiser. The parent company gives the franchisee the right to sell the company's products and often provides support services like advertising and supplier relationships, in return for a franchise fee and percent of the profits. Franchising is a very common -- for example, many of the largest fast food chains are franchisers -- and it can offer an entrepreneur the advantage of starting out with a well-known brand and business model. But that can come at the cost of sharing your profits and losing some of the independence and control entrepreneurs value. Some find the franchise system works so well for them that they end up operating multiple stores for a single franchiser.

Comment [Office12]: This can be something I can do in the future once I build up my skills and capital.

Buy an Existing Business

If there's no one innovative idea of your own that you think would make a good business, you might consider buying an existing business. This offers the chance to start out with an established small business that already has an income stream and a core set of customers. You can run your own show without having to go through the initial start-up phase. But it's critically important to do a thorough job of evaluating the business before you buy it, to have a clear contract with the seller about what you can each expect after the sale (for example, do you want a non-compete agreement?), and to understand that existing customers are yours to lose if you don't manage the business at least as well as the outgoing owner.

Comment [Office13]: This could be a second option if I am not able to think of a innovative idea for my business.

Copy an Existing Concept

Find a great local business started by someone else. If there's nothing like it in your own community, you can study it and transfer it to your community or to a place you want to live. You need to thoroughly do your research and be sure that a "match" exists between the concept and demographics of where you choose to locate the business. And of course, while you can copy a general idea, don't run the risk of a lawsuit -- or worse -- by infringing on someone else's trademarks, copyrights, or other protected intellectual property.

Comment [Office14]: Bring thriving businesses in other places to your home. Could introduce something completely new to the city and therefore spark interest in the people.

Become a One Person Firm

You can subcontract your skills and become a one person consulting or services firm. You have the advantage of being highly focused and can offer your clients lower costs, specialized services, and greater flexibility than they would have if they tried to hire full-time employees with the same skills. A great many professional, technical, and clerical specialists have chosen this career path. Companies find it easier and cheaper to subcontract out work rather than hiring

folks that they may have just laid off in their last round of cost-cutting -- or may have to lay off next week or next year. It allows them to stay lean and flexible.

Start a "Work at Home" Business

This is one of the hottest areas in the economy today. Many small business ideas can be launched from home. This can involve everything from stuffing envelopes to running an Ebay business or starting your own web site.

Comment [Office15]: This is very important to me as I am still in high school and would need to start from home. I am glad I have the option to do this.

Entrepreneurship: Salaries

There are no salaries for being an entrepreneur. That's the point. You are paid *what you earn* using your business wits. There is lots of upside. And, of course, plenty of downside as well. There are numerous examples of entrepreneurs, large and small, that have created over \$10 million in value within the first few years of business. While many business ventures never get off the ground, others soar to unexpected heights, with great speed. Following are some typical figures regarding entrepreneurs. Keep in mind that they may vary greatly depending on the type of venture.

Comment [Office16]: I like the fact that there is no amount of many I can and can't make. I have the opportunity to keep growing as large as I am able to.

Typical return on assets after 5 years for surviving firms: 25% to 300%

Typical amount of start-up financing: \$25-200,000

Form of financing: No more than 30% debt

Valuation in sale: 10-20 times cash flow

Typical interest on SBA Loan: Prime + 4%

Fraction of failures: 68%

Typical time commitment: 60-80 hours per week

Fraction of female entrepreneurs: 34%

Comment [Office17]: It does not require much cash to start up. This will be good for me as I am not earning money at the moment and would need the costs to be low.

Comment [Office18]: These are the average work hours for an entrepreneur. This factors out to be 8.5-11.4 hours a day of working.

Entrepreneurship: Facts & Trends

Dramatic Increase in Workforce Diversity

The [Workforce 2020](#) Report from the Hudson Institute indicates that by 2020 the U.S. workforce will be 6% Asian, 14% Latino, 11% black and 68% non-Latino white (down from 76% today). Key additional trends in the workforce include increasing telecommuting and further aging of the workforce.

Small Businesses are THE Economic Engine

According to [The Small Business Economy](#), published by the U.S. Small Business Administration, small businesses have been responsible for creating 60 to 80% of new jobs in the economy in recent years.

Good Place to Be in an Economic Recovery

According to [The Small Business Economy](#): "...past research has suggested that smaller firms have been able to recover from economic downturns with respect to employment growth more rapidly than their larger counterparts. Data from the SUSB indicate that net job creation in the immediate years following the 1990-1991 and 2001 recessions stemmed from employment generated by small firms with fewer than 500 employees, while large businesses grew little

because of net contractions in employment."

Downturns are a Good Time to Start a Business

According to [Shramm and Litan](#): " Time and again, entrepreneurs have led the way out of past economic downturns. Current business legends like Microsoft, Federal Express, Intel, Charles Schwab, and Southwest Airlines started in recessions or down markets. Indeed, 18 of the 30 companies that make up the Dow Jones Industrial Average were launched in recessions or in bear stock markets."

Comment [Office19]: These companies found a problem and solved it in times of need.

Franchising Is Big Business and Getting Bigger

Franchising commands 40% of all retail sales in the U.S. Franchisees are becoming sophisticated managers in order to compete. Just as in larger organizations, they are managing with an eye on the systematic use of teamwork, employee empowerment, and communication. Adding to the sophistication is the fact that many franchise companies have franchisees who come from corporate backgrounds. Additionally, more franchise systems are entering strategic alliances with outside major corporations as franchisers seek new ways to expand market share. The proportionate number of failures among franchises is significantly less than that of other start-up ventures. The current failure rate for franchises is estimated to be about 10% per year.

Comment [Office20]: This could be a safer option for the future as the success rates are high.

Nontraditional Sites are Key to Future Franchise Growth

Subway and Baskin-Robbins are now located in Coleman Oil's gas convenience stores. Lackmann Food Service franchises have opened at airports, sports stadiums, college campuses, and hospitals. Sbarro's Pizza has opened stores in casinos, college campuses, convention halls, river-boats, and retail stores. If you wish to open a franchise of a large chain that has already saturated traditional markets, these nontraditional sites may present more attractive opportunities -- or indeed, the only available opportunities.

Comment [Office21]: I would need to find a place that could use one of these franchises. It would take research to see if it would actually thrive in that location.

Net Breaks Down Barriers Holding David from Goliath

Most small businesses are now using the Internet for advertising, client tracking, inventory tracking and other services. Small firms can act much like big firms electronically and are increasingly competing on the same level.

Comment [Office22]: I can do this as well. I have access to the internet and can advertise through social media.

Networks and Ecosystems Key

Small businesses have access to networks that let them take on problems they could not solve alone. They get help on bank loans, business plans, and even create alliances to address issues like government regulation. Small businesses have access to very sophisticated market information and business data that only the Fortune 500 could afford ten years ago.

Haven for Corporate Refugees

More corporate refugees are applying their business skills to start-ups and franchising, changing the face of small business. They use their contacts, business partners, access to capital, and knowledge of specific products and markets to make small business very polished and professional.

Regulatory Burdens Growing

State and local government regulation and federal legislation are constantly evolving, and entrepreneurs must deal with all of the rule changes that may affect their business. These include labor regulations regarding EEO, family leave, disability, affirmative action, diversity, OSHA, minimum wage, health care, etc.; as well regulations concerning environmental, security, and other policy issues.

Comment [Office23]: I will need to do research and see the rules for the business so that I would not be going against the law.