



## Course Learning Outcomes for Unit VI

Upon completion of this unit, students should be able to:

7. Evaluate concepts associated with entrepreneurship.
  - 7.1 Explain the characteristics associated with entrepreneurship.
  - 7.2 Explain the importance of small businesses in society and why small businesses fail.

## Reading Assignment

In order to access the following resource(s), click the link(s) below:

Marinigh, L. (2016). The many faces of entrepreneurship. *Canadian Business*, 89(5), 55. Retrieved from <https://libraryresources.columbiasouthern.edu/login?url=http://search.ebscohost.com/login.aspx?direct=true&db=bth&AN=114599110&site=ehost-live&scope=site>

O'Brien, A. (2016). Make a plan to succeed. *Money* (Australia ed.), (190), 70-72. Retrieved from <https://libraryresources.columbiasouthern.edu/login?url=http://search.ebscohost.com/login.aspx?direct=true&db=bth&AN=115449079&site=ehost-live&scope=site>

The drive to foster entrepreneurship. (2016). *African Business*, (430), 50-51. Retrieved from <https://libraryresources.columbiasouthern.edu/login?url=http://search.ebscohost.com/login.aspx?direct=true&db=bth&AN=115450623&site=ehost-live&scope=site>

Ambrish. (2014). Entrepreneurship development: An approach to economic empowerment of women. *International Journal of Multidisciplinary Approach and Studies*, 1(6), 224-232. Retrieved from <https://libraryresources.columbiasouthern.edu/login?url=http://search.ebscohost.com/login.aspx?direct=true&db=a9h&AN=100271742&site=ehost-live&scope=site>

Branham, M. (2014). Entrepreneurship 101. *Capitol Ideas*, 57(2), 32-33 Retrieved from <https://libraryresources.columbiasouthern.edu/login?url=http://search.ebscohost.com/login.aspx?direct=true&db=a9h&AN=94960394&site=ehost-live&scope=site>

Stafford, D. (2011). A checklist for starting your own business. *Women in Business*, 63(4), 16-18. Retrieved from <https://libraryresources.columbiasouthern.edu/login?url=http://search.ebscohost.com/login.aspx?direct=true&db=a9h&AN=71823096&site=ehost-live&scope=site>

Tancock, K., & McDiarmid, J. (2015). 7 things every small business needs to do. (right. now.). *Canadian Business*, 88(13), 49-58. Retrieved from <https://libraryresources.columbiasouthern.edu/login?url=http://search.ebscohost.com/login.aspx?direct=true&db=a9h&AN=110263852&site=ehost-live&scope=site>

Click [here](#) to access an interactive tutorial that outlines the traits of an entrepreneur.

Click [here](#) to access an interactive tutorial that outlines the beginning stages of opening your own business.

Click [here](#) to access an interactive tutorial that explains what business knowledge is needed to start a business.

## Unit Lesson

### Entrepreneurship and Small Business Introduction

The role of small businesses in society should never be underestimated. Growing up in a rural town, it might take traveling many miles to access full merchandise grocery stores. Anderson's Grocery is a local convenience store that plays a vital role in the community and provides alternatives to residents who would otherwise drive twenty miles to purchase a gallon of milk, loaf of bread, or other household necessities. The local convenience store provides a minimum selection of goods, but is crucial to the small town because it is more accessible. The convenience store is owned by a local community member, Mr. Anderson, who operates the store with his wife. Together, they establish relationships with patrons and greet them by name, anticipate customer needs in the procurement of goods, and often extend credit for merchandise on a temporary basis. Similarly, the one-man lawn care service you utilize today is crucial for many homeowners who lack time and resources for proper lawn maintenance. Let's not forget the pet-sitter service that established the business by caring for animals while their owners were away from home. The list of these small businesses that create value for consumers could go on continuously.

The aforementioned illustrations are examples of the valuable contributions *entrepreneurs* make to the economy and the ways they improve the quality of living for many individuals. Entrepreneurs are individuals who pursue an opportunity to create value and assume both the risk and rewards for doing so. Many entrepreneurs start with next to nothing, yet their businesses have strong potential for growth. Companies such as Facebook, Apple, Dell, and Whole Foods are all examples of organizations that started out as small businesses and have established success stories as entrepreneurial start-ups.

### Types of Entrepreneurs

Given the nature of entrepreneurship, there are various types of entrepreneurs. *Pure entrepreneurs* are individuals who bring the firm into existence. The late S. Truett Cathy, the founder of Chick-fil-A, is an example of a pure entrepreneur. Secondhand entrepreneurs serve as administrators and oversee the operations of an ongoing business. Descendants of S. Truett Cathy, who currently operate the business, are examples of *second-stage entrepreneurs*.

Entrepreneurs can operate independently or as a franchisee. *Franchise entrepreneurs* are those whose power is limited by the contractual relationship with a franchising organization. This type of opportunity requires an annual franchise fee, and portions of the profits are returned to the original franchisor. Franchise establishments receive multi-week training, additional development courses, and extensive franchise support. Franchisees might also participate on an entrepreneur team. Such teams consist of two or more individuals working together as entrepreneurs. Examples of entrepreneurial team establishments include law firms, physician practices, and many family businesses.

Social entrepreneurship consists of activities to find innovative solutions to society's problems. *Social entrepreneurs* seek ways to solve environmental and societal issues in an opportunistic manner. An individual's desire to open a humane shelter to address the problem of homeless pets is an example of social entrepreneurship. Teach for America is an organization that recruits graduating college seniors to attend weeks of training on providing instruction in some of the country's low-income classrooms. New Leaf Paper works with paper mills to use recycled wastepaper and environmentally friendly bleach to create products used to print magazines. All of these organizations were established on the principle of making the world a better place to live.

### Entrepreneur Characteristics

Entrepreneurs possess a variety of different characteristics that distinguish them from the general population. For example, entrepreneurs are categorized as risk takers that have a propensity for ambiguity and uncertainty. Many entrepreneurs have a high need for achievement and possess strong commitment and determination, motivation to excel, creativity, and leadership abilities. They also enjoy a certain level of independence, an improved quality of life, and intrinsic satisfaction from managing their own organizations.

## **How Do Entrepreneurs Get Started?**

Entrepreneurs may have their origin in a variety of ways. Individuals are most likely to embark upon an entrepreneurial opportunity between the ages of 25 and 40. Some entrepreneurs are corporate refugees who were dissatisfied with a previous experience. Others might have suffered a severe hardship such as a job layoff or unemployment and decided to start their own establishment. Many entrepreneurs have family member role models and choose to continue the family legacy. As previously mentioned, Chick-fil-A is an example of an organization that continues to thrive from the legacy established by its original owner. Both the tangible and intangible values established by S. Truett Cathy continue to form the basis for the organization's daily operations.

## **What is a Small Business?**

The definition of a *small business* is arbitrary, but such entities typically consist of firms that employ less than 100 individuals, compared to larger firms within a given industry. In general, small businesses have localized operations and are financed by few individuals. These small businesses have a competitive advantage over large firms in a variety of ways. First, small business owners have the capability to be customer focused and successfully anticipate their needs because of established relationships with a manageable group of patrons. Second, small businesses have the ability to establish a culture of integrity and goodwill with greater visibility in the local communities. Third, small businesses have the ability to emphasize quality in the production of goods and services with more control over the entire process. Fourth, small businesses can practice innovation and develop ways of conducting business with fewer restraints. Finally, small firms can find a niche market and gain an advantage by serving those groups that are underserved by larger businesses.

## **How Entrepreneurs Fail**

Many entrepreneurs are experts in their craft, but have poor strategic planning skills. In many instances, business plans do not exist. Despite their knowledge and abilities, sometimes entrepreneurs overestimate what they can do. Some entrepreneurs try to expand too fast, too soon, by venturing into a new office or establishing many sites at various geographical locations. Insufficient cash and heavy reliance on debt funding contribute to the demise of many small start-ups.

## **Is Entrepreneurship Right for You?**

So you think you want to be an entrepreneur? One of the first steps in entrepreneurship is understanding your reasons for wanting to own a small business and identifying those motivating factors. Are you trying to escape a less than ideal job situation? Are you willing to dedicate countless hours to maintain the organization, or are you concerned with maintaining a strict schedule? What influence does family and friends have on your decision? Do you have a unique skill or capability that gives you a competitive advantage over competitors? Do you have a unique idea that has not been introduced to the market? Do you want to solve a societal problem or concern in an opportunistic way? Do you desire to make the world a better place to live?

If you answered affirmatively to any of these questions, you may have an opportunity worth exploring. Know that owning a business can be one of the most noble and rewarding professions. With the right business idea, you can be on your way to an intrinsically satisfying experience.