



# CHAPTER 6: Entrepreneurship and Starting a Small Business

## OBJECTIVES

- 1-1** Describe the nature of entrepreneurship.
- 1-2** Define what it takes to be a successful entrepreneur.
- 1-3** Explain the importance of choosing the right environment in which to work.
- 1-4** Explain the process of setting personal goals according to your values, attitudes, needs, and expectations.
- 1-5** Identify the sources of new business ideas.
- 1-6** Discuss the advantages and disadvantages of part-time entrepreneurship.



# Famous Entrepreneurs



## **Michael Dell**

- **Dell Computers**
- **Bill Hewlett & David Packard**
- **HP**
- **Richard Branson**
- **Virgin Brand**
- **Jeff Bezos**
- **Amazon.com**
- **Howard Shultz**
- **Starbucks**
- **Mark Zuckerberg**
- **Facebook**
- **Reed Hastings**
- **Netflix**

- **Larry Page & Sergey Brin**
- **Google**
- **Bill Gates**
- **Microsoft**
- **Anita Roddick**
- **Body Shop**
- **Steve Jobs**
- **Apple**
- **Jerry Yang**
- **Yahoo**



# **SMALL BUSINESS**

## **ENTREPRENEURSHIP VIDEO**



# Who Are Entrepreneurs?

## ■ Entrepreneurs are:

- A person who risks time and money to start and manage a business..(Jeff Bezos: Amazon)
- Individuals who discover market needs and launch new businesses to meet those needs.  
(Zuckerberg: Facebook)
- Risk takers who provide a drive for change, innovation, and progress.(Bill Gates & Steve Jobs)
- Most active founders or owner-managers of small businesses.



# Common Characteristics Among Entrepreneurs

According to the [Center for Entrepreneurial Management](#)

- Many are the children of self-employed parents.
- Many are descendants of immigrant parents or grandparents.
- Many were enterprising in their youth.
- Many are the oldest child.
- The majority state their prime reason for starting a business was to be on their own and not work for someone else.



# Types of Entrepreneurial Startups

## ■ Type A (Enterprising)

■ Involves providing customers with an existing product not available in their market.

(Ex. Introducing the iPhone 6 to Brazil)

## ■ Type B (Creative)

■ Involves new ideas and new technology, centered around providing customers with a new product.

(Ex. Inventing a Virtual Reality TV Experience)

## ■ Type C (Innovative)

■ Involves providing customers with an improved product. ( Ex. Introducing a phone that bends: Samsung)







# Characteristics of Successful Entrepreneurs

- Self-confidence
- Determination and perseverance
- Creativity
- Need to achieve
- Action-oriented
- Tolerant of uncertainty
- Highly energetic

# Exhibit 1.2 Entrepreneurial Incentives

## Rewards of Entrepreneurship

### Profit

Financial gain proportionate to personal achievement

### Independence

Power to make own business decisions

### Freedom

Escape from an undesirable situation

### Personal Satisfaction

Enjoyment of a satisfying way of life

### Personal Fulfillment

Contribution to the community



# Who Starts New Businesses?

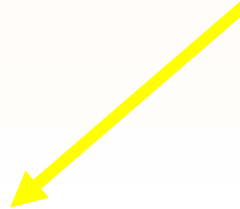


## AGE AT START-UP

18 - 24	8%
25 - 34	71%
35 - 44	13%
45 - 54	6%
55+	2%



**Why is this low?**





# Hours per Week Entrepreneurs Worked 1st Year





# Guess Which Company?

- He was selling baking soda & decided to entice customers by putting in two packages of chewing gum with each sale. The excitement over the gum started him thinking.

Wrigleys' chewing Gum ( William Wrigley, Jr.)

- Two Seattle teenagers pooled their money & came up with \$100. They started delivering messages & parcels for local merchants.

United Parcel Service

- Though he didn't graduate from college, he found out college students eat a lot of pizza. He started his first pizzeria with \$900 near a campus with a promise of 3-minute delivery.

Domino's Pizza (Tom Monaghan)



# What Is a Small Business?

## ■ Criteria for Defining a Small Business

1. Business' size small relative to larger competitors
2. Localized business operations
3. Financing supplied by one person or small group
4. Has the potential to become more than a “one-person show”
5. Localized business operations (Not part of another company or franchise)
6. Financing supplied by one person or small group
7. Not Dominant: Small enough not to affect other businesses





# The Contributions of Small Business

## ■ Small Businesses:

- Comprise 99.7% of all firms with employees.
- Employ over 50% of employees in the private sector.
- Account for 45% of private payrolls.
- Generated 60 to 80% of net new jobs in past decade.
- Create more than half of the country's GDP.
- Hire 40% of high-tech employees
- Represent 97.3% of all exporters.



# Small Business

## Start-ups and Failures

For every 100 businesses starting today

- 24 will not be open in two years
- 51 will not be open in four years
- 60 will not be open in six years





# How Entrepreneurs End up Failing

1. They overestimate what they can do
2. They lack an understanding of the market
3. They hire mediocre people
4. They fail to be team players
5. They dominate as managers



Which of the following type of start ups have to do with offering existing but improved products?

- A) Type A start up
- B) Type C start up
- C) Type B start up



Which of the following is not one of the characteristics of an entrepreneur?

- A) Creativity
- B) Action-oriented
- C) Intolerant of uncertainty
- D) Self-confidence



Which of the following is a correct definition of an entrepreneur?

- A) A person who risks time and money to start and manage a business..
- B) Individuals who discover market needs and launch new firms to meet those needs.
- C) Risk takers who provide a drive for change, innovation, and progress.
- D) All of the Above
- E) None of the Above



# Women Entrepreneurs

- More Women Entrepreneurs
  - More women than men are starting new businesses
  - 40% of all businesses are now majority female-owned
  - Movement of women into nontraditional industries
- Problems Facing Female Entrepreneurs
  - Discrimination and difficulties related to gender
  - Lack of access to credit
  - Lack of networking connections
  - Balancing work and family life





## Changes in U.S. Women-Owned Businesses between 2006 and 2008

	2006	2008	Percentage Increase
<b>Number of firms</b>	7.7 million	10.1 million	31%
<b>Sales</b>	\$1.1 trillion	\$2 trillion	82%
<b>Number of employees</b>	7.2 million	13 million	81%
<b>Percentage of all U.S. firms</b>	30%	40%	33%

Source: Center for Women's Business Research, <http://www.cfwbr.org/national/index.php>, accessed January 31, 2007; and "New Numbers Show Women-Owned Firms Comprise Forty Percent of All Firms," Center for Women's Business Research, September 11, 2008, pp. 2 and 3, <http://www.womensbusinessresearch.org>, accessed September 30, 2008.



Which of the following are problems facing women entrepreneurs? (Choose all that apply)

- A) Discrimination and difficulties related to gender
- B) Lack of access to credit
- C) Lack of friendship
- D) Balancing work and family life



# True or False

The main reason why a high number of people over 55 start a business is because they have retired and have nothing else to do.





# Capabilities and Personal Goals

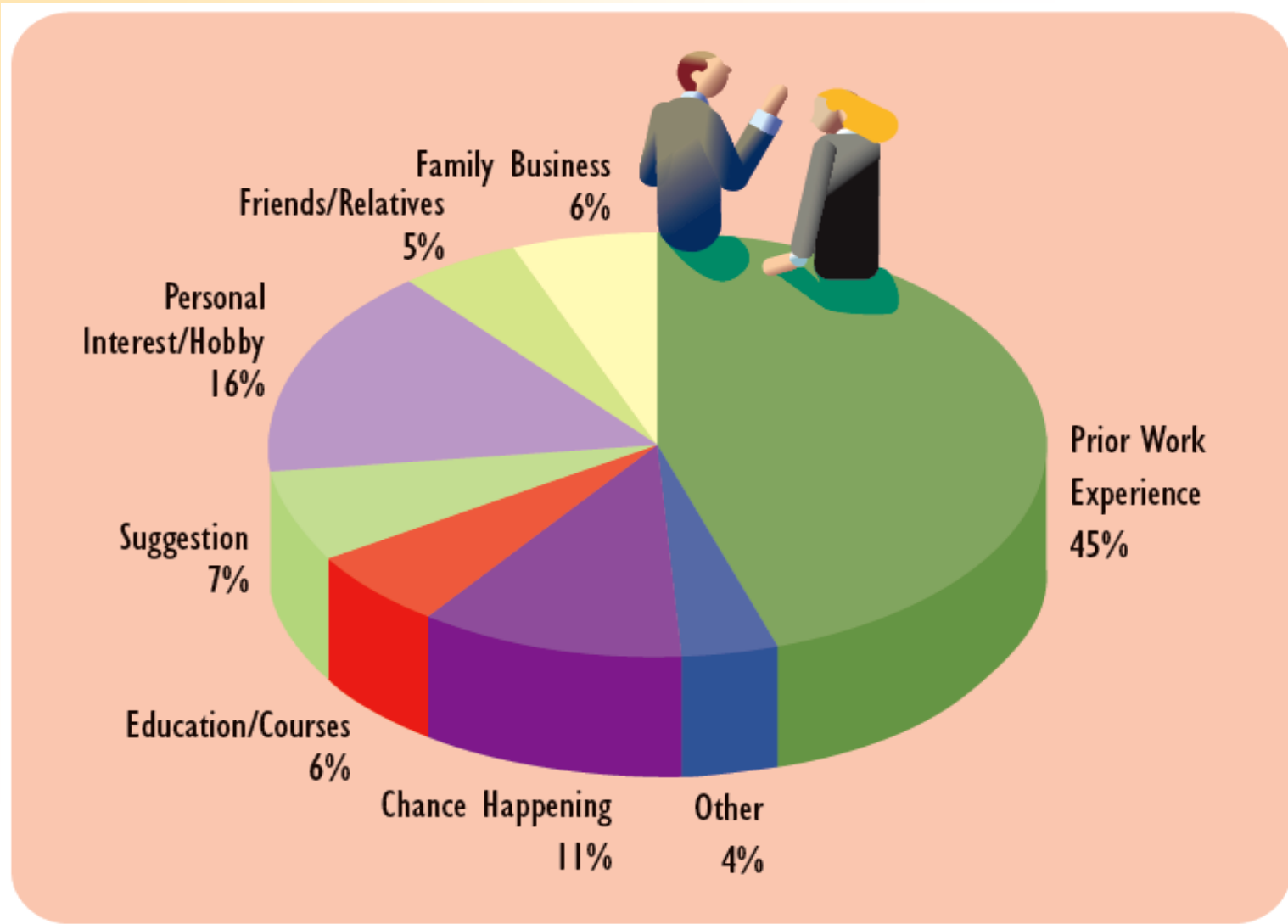
- Income
- Personal satisfaction
- Status
- Abilities and talents
- Inventory of skills
- Financial capabilities



# Lifestyle and Type of Work

- What kind of work excites you?
- How do you feel about working with people?
- How much time do you want to devote?
- How involved do you want to be?
- Do you like to travel?
- Do you like to work at night?
- Do you want to work full time?

# Exhibit 3.2 Common Sources of Startup Ideas



Source: Data developed and provided by the National Federation of Independent Business and sponsored by the American Express Travel Related Services Company, Inc.



# The Part-Time Entrepreneur

- There are an estimated 10 million part-time businesses in the United States
- Many enter entrepreneurship on a part-time basis until the business develops

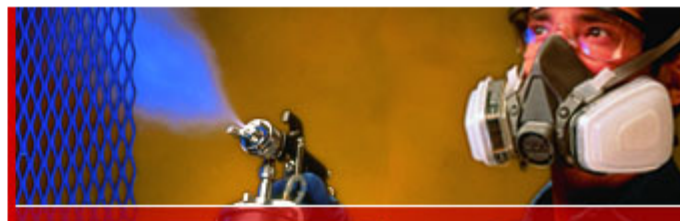


# The Part-Time Entrepreneur

- **Intrapreneurs**: Entrepreneurs who work within a corporation. (Spencer Silver 3M-Post it) (Ken Kutaragi Sony Playstation)
- **Micropreneurs**: Small business owners who keep their operations small.
- **Home-based** entrepreneurs.
- **Web-based** entrepreneurs

## Products & Services

Our inspiration comes from listening to customers and creating new products and solutions for the challenges and opportunities you face.



### Displays & Graphics

- [Computer Privacy Filters](#)
- [Display Films \(Vikuiti™\)](#)
- [Large Format Graphics \(Scotchprint™\)](#)
- [Precision Optics](#)
- [Touch Screen Systems](#)
- [Traffic Safety Systems](#)
- [Wall Displays & Projectors](#)

### Electronics, Electrical & Communications

- [Communication Technologies](#)
- [Electrical](#)
- [Electronics Design & Manufacturing](#)

### Health Care

- [Animal Care](#)
- [Dental \(3M ESPE\)](#)
- [Drug Delivery Systems](#)
- [Health Information Systems](#)
- [Infection Prevention](#)
- [Medical Device & Diagnostic Fabrication](#)
- [Medical Specialties & OEM](#)
- [Microbiology](#)
- [OMNI Preventive Care, A 3M ESPE Company](#)
- [Orthodontics \(3M Unitek\)](#)
- [Personal Care Industry](#)
- [Skin Health](#)

### Safety & Security

- [Border and Document Security](#)
- [Brand Security](#)
- [Corrosion Protection Products](#)
- [Emergency Exit Markings](#)
- [Facilities Cleaning & Care](#)
- [Fire Protection](#)
- [Food Supplies & Services](#)
- [Insulation for Apparel \(Thinsulate™\)](#)
- [Library Systems](#)
- [Occupational Health & Environmental Safety](#)
- [Personal Safety](#)
- [Reflective Material \(Scotchlite™\)](#)
- [Track & Trace Solutions](#)
- [Traffic Safety Systems](#)
- [Window Safety](#)

### Transportation Industry

- [Aerospace](#)
- [Automotive](#)
- [Marine](#)
- [Specialty Vehicle](#)
- [Traffic Safety Systems](#)

### Manufacturing & Industry

- [Abrasives & Sandpaper](#)
- [Adhesives & Bonding Solutions](#)
- [Composites Manufacturing](#)

### Office

- [Ergonomics & Workstation Accessories](#)
- [Meetings & Presentations](#)
- [Mounting, Adhesives, & Tapes](#)
- [Packaging & Mailing](#)
- [Post-it® Custom Printed Products](#)
- [Post-it® Products](#)

### Home & Leisure

- [Air Cleaning Filters \(Filtrete™\)](#)
- [Automobile & Boat Care](#)
- [Cleaning & Protecting](#)
- [Computer Accessories](#)
- [First Aid \(Nexcare™\)](#)
- [Fly Fishing \(Scientific Anglers™\)](#)
- [Health & Personal Care](#)
- [Home Improvement & Repair](#)
- [Hooks & Mounting \(Command™ Adhesives\)](#)
- [Insulation for Apparel \(Thinsulate™\)](#)
- [Personal Safety & Comfort](#)
- [Pet Care](#)
- [Post-it® Products](#)
- [Reflective Material \(Scotchlite™\)](#)
- [Scrapbooking & Crafts](#)
- [Sports & Outdoors](#)
- [Tapes for Home Use](#)




Contact 3M

#### Browse By

[A-Z Product Index](#)

[A](#) [B](#) [C](#) [D](#) [E](#) [F](#) [G](#) [H](#) [I](#) [J](#)  
[M](#) [N](#) [O](#) [P](#) [Q](#) [R](#) [S](#) [T](#) [U](#) [V](#)  
[Y](#) [Z](#) [0-9](#)

#### Related Links

[Where to Buy](#) 

[Brands](#)

[Technologies](#)

[Submit Your Idea](#)

[Government Solutions](#)

[3M Global Trading, Inc.](#)

#### Product Documentation

[MSDS \(Material Safety Data Sheets Search\)](#)

[RoHS \(Restriction of Hazardous Substances\)](#)



# Part-Time Businesses

## Advantages

- Continue full-time employment
- Reduce risk associated with new business start-ups
- Develop customer base
- Set up supplier relationships
- Gain valuable experience



# Part-Time Businesses

## Disadvantages

- Trying to operate a business and maintain full-time employment
- Time management conflicts between regular employment, part-time business interests, and family obligations