

ENTREPRENEURSHIP

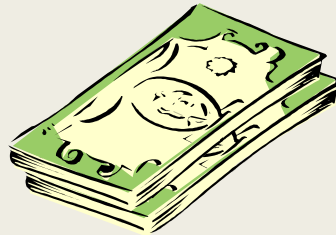
Entrepreneurs

- Entrepreneurs are _____ that notice opportunities and take the _____ to mobilize resources to make new goods and services.
- In Contrast
 - *Intrapreneurs also notice opportunities and take initiative to mobilize resources, however they work in large companies and contribute to the innovation of the firm.*
 - *Intrapreneurs often become entrepreneurs.*

Small Business Owners

Advantages of a Small Business

- Greater _____
to get make more
money
- Feel more important
- Feel more secure
- _____



Disadvantages of a Small Business

- Lower guaranteed pay
- Fewer benefits
- Expected to have many skills
- Too much cohesion
- Hard to move to a _____
- Large fluctuations in _____

Who are entrepreneurs?

■ Common traits

- _____
- *Risk takers*
- *Take responsibility for own actions*
- *Feel competent and capable*
- Set _____ and enjoy working toward them

■ Common traits

- *Self employed parents*
- _____
- *Between _____ years old*
- *Well educated – 80% have college degree and 1/____ have a graduate level degree*

Successful and Unsuccessful Entrepreneurs

■ Successful

- *Creative and Innovative*
- *Position themselves in shifting or new markets*
- *Create _____*
- *Create new processes*
- *Create new delivery*

■ Unsuccessful

Characteristics of Entrepreneurs

Key Personal Attributes

Strong Managerial Competencies

Good Technical Skills

Successful Entrepreneurs

Key Personal Attributes

- Entrepreneurs are Made, Not Born!
 - *Many of these _____ are developed early in life, with the family environment playing an important role*
 - *Entrepreneurs tend to have had _____ parents who tend to support and encourage independence, achievement, and responsibility*
 - *_____ tend to have more entrepreneurial attributes because they receive more attention, have to forge their own way, thus creating higher self-confidence*

Key Personal Attributes (cont.)

- Entrepreneurial Careers
 - *The idea that entrepreneurial success leads to more entrepreneurial activity may explain why many entrepreneurs start multiple companies over the course of their career*
 - *Corridor Principle- Using one business to start or acquire others and then repeating the process*
 - _____
 - _____
 - _____

Key Personal Attributes (cont.)

■ Need for Achievement

- _____
- *High achievers take responsibility for attaining their goals, set moderately difficult goals, and want immediate feedback on their performance*
- *Success is measured in terms of what those efforts have accomplished*

Key Personal Attributes (cont.)

■ Desire for Independence

- *Entrepreneurs often seek independence from others*
- *As a result, they generally aren't _____ to perform well in large, bureaucratic organizations*
- *Entrepreneurs have _____, are confident in their own abilities, and possess a great deal of self-respect*

Key Personal Attributes (cont.)

- Self-Confidence
 - *Because of the high risks involved in running an entrepreneurial organization, having an “upbeat” and self-confident attitude is essential*
 - _____
 - _____
 - *Self-confidence enables that person to be optimistic in representing the firm to employees and customers alike*

Key Personal Attributes (cont.)

- Self-Sacrifice
 - *Essential*
 - _____
 - *Success has a high price, and entrepreneurs have to be willing to sacrifice certain things*

Technical Proficiency

- _____

- For example, successful car dealers usually have lots of technical knowledge about selling and servicing automobiles before opening their dealerships
- Especially important in the computer industry
- NOT ALWAYS NECESSARY

Planning

- Business Plan – A step-by-step outline of how an entrepreneur or the owner of an enterprise expects to turn ideas into reality.

Questions To Keep In Mind

- _____

Motivations

Deciding what your motivations are will direct you toward what type of business fits you best.

- Types:
 1. _____
 2. _____
 3. _____

1. Lifestyle Venture

- Small company that provides its owner independence, autonomy, and control.
- Is often run out of household
- Provides flexibility (hours, meeting places, attire)
- Aligns your personal interests and hobbies with your desire to make a profit.

2. Smaller Profit Venture

- _____
- _____
- _____
- _____

3. High Growth Ventures

- Goal is maximum profit and growth.
- Concentrated on pushing envelope and growing as large as possible.
- Focus on innovation

Should you Start or Buy?

- Start – cheapest, but very difficult
 - requires _____planning/research
- Buy – expensive – may be out or reach
 - requires _____ planning and research
- Franchise (middle ground) – a business run by an individual (the franchisee) to whom a franchiser grants the right to market a certain good or service.

The Market???

- Planning & Research essential
- Extensive market surveys (family, friends, neighbors...)
- Magazines and Polls offer some information on the market
 - Businessweek, Harris Poll

What about the cost?

- Plan realistically, not optimistically
 - Don't overestimate your profits
 - Don't underestimate your costs
- Sources of Funds
 - Banks
 - Venture Capitalists – filthy rich, high risk investors looking for a many-times-over yield
 - Angels – seem to have altruistic motives and less stringent demands than venture capitalists

Domestic or Global?

- Drawbacks to Global – more research and less accessible connections in startup phase, more travel time required, more considerations.
- Advantages to Global –

Entrepreneurship: Growth Pressures

Entrepreneurs often find that as their business **grows**, they feel more pressure to use _____ methods to lead their organizations.

Although this _____ process may compromise some entrepreneurs spirit, it often leads to more _____, _____, and greater _____.

Basically, it's a movement from a "seat-of-the-pants" operation to a more structured, legitimate and recognizable business.

Entrepreneurship: Managing a Family Business

- So, why not dream up a plan and go into business with your family or friends?
- Approximately _____ of all businesses in Canada are family-owned
- Family-owned businesses are responsible for about _____ of Canada's GDP per year
- Many of Canada's largest and most well-known businesses are family-owned, including Bombardier and McCain Foods Limited
- Molson Coors is the oldest family business in Canada
- Only about _____ of Canadian family businesses have a strong succession plan
- To keep the peace at the next family dinner, 88% of Canadian family businesses have a conflict-resolution strategy in place.

Entrepreneurship: Managing a Family Business

Two reasons not to go into business with your family or friends....

Often, it involves money. So a business environment could potentially breed arguments, disagreements, and feuds.

Fighting can occur during early developmental stages when hours are long and pay is low. Or, after success has been achieved.

Entrepreneurship: Managing a Family Business

Six steps to help lead you to a successful Family Business:

- Clear job _____
- Clear hiring criteria
- Clear plan for _____
- Agreement on whether and when to sell business
- Commitment to resolving _____
- Outside advisors are used to mediate conflicts.

Clarity is key.... but NO GUARANTEE.

Entrepreneurship: Managing a Family Business

Operational vs. Survival Issues....

Operational = Decisions about the economics of the business and how to balance that with rational and family obligation criteria.

THINK: Day-to-day grind.

Survival = Develop out of a lack of attention on the operational issues within the business.

THINK: Festering problems; ultimately compromise livelihood.

Entrepreneurship: Managing a Family
Business

FAMILY FEUD:

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