

Cheat Sheet:

Entrepreneurship

Essential Concepts

Small Business, Big Impact

Small businesses have a significant economic impact despite not operating at the scale of large corporations, and entrepreneurship plays a vital role in shaping various aspects of our lives. The classification of a small business is determined by size standards based on factors such as the number of employees or revenue within specific industries. Being classified as a small business is important because it determines eligibility for SBA and federal contracting programs, which can provide access to financing, grants, and preferential treatment in competing for government contracts.

What is an Entrepreneur?

Entrepreneurs are innovators who take the risk of starting and managing a business to make a profit. Most want to develop a company that will grow into a major corporation. People become entrepreneurs for many reasons, including the opportunity for profit, independence, personal satisfaction, lifestyle, and more.

Successful entrepreneurs share common traits such as creativity, vision, the ability to build networks, goal orientation, financial understanding, and a background in entrepreneurship, while also maintaining balance and resilience for long-term success.

Entrepreneurs can be categorized into different types based on their characteristics and goals. These types include Builders, who focus on scaling businesses quickly; Opportunists, who seek financial opportunities; Specialists, who are experts in a particular industry; and Innovators, who prioritize impact and mission over money. Understanding your entrepreneurial DNA helps in selecting the right business, building a team, and developing strategies that align with your strengths.

Should You Start a Business?

Starting a small business offers the freedom to pursue your own goals and achieve unlimited benefits, but it also comes with the responsibility of making all decisions, taking on financial risks, and shouldering the burden of success or failure.

Proper planning is crucial because it helps small businesses mitigate common causes of failure such as inability to execute on the business concept, lack of market demand, lack of differentiation, failure to respond to emerging trends, overdependence on a single customer, inability to manage growth, inadequate cash reserves, insufficient management experience, lack of self-awareness, and inability to acknowledge weakness.

Before starting a business, ask yourself three important questions: Do you have the necessary qualities and mindset for entrepreneurship? Is your business concept viable? And is your motivation aligned with your personal values and the concept itself?

How to Start a Business

When deciding to start a business, it is important to consider three fundamental questions: whether you have the necessary qualities, whether your concept is viable, and whether your reasons for starting a business are genuine. Additionally, the Small Business Association provides a 10-step guide that includes conducting market research, writing a business plan, funding the business, choosing a location, selecting a business structure, registering the business, obtaining necessary licenses and permits, and opening a business bank account.

Business plans typically include key components such as an executive summary, company description, market analysis, organization and management details, product or service line information, and marketing and sales strategies. These elements provide a comprehensive overview of the business, its target market, competitive landscape, and plans for growth and success.

Career Connection: Teamwork

Teamwork is a crucial skill that involves building collaborative relationships, effective communication, conflict management, accountability, leveraging personal strengths, and maintaining positive working relationships with supervisors and teammates to achieve common goals.

Glossary

builder entrepreneur

a person who is focused on quickly scaling up their business

business plan

a document that an entrepreneur creates that contains an outline of their business; it may include an executive summary, company description, market analysis, organizational details, identify people who will take management roles, services or product lines, marketing and sales strategy, a funding request, and financial projections

entrepreneur

a person who sees an opportunity and works effectively to create a solution by organizing, managing, and assuming the risks of a business or enterprise

innovator entrepreneur

measure success based on impact; they often start businesses just for personal satisfaction and the lifestyle

opportunist entrepreneur

a person who measures success in financial terms and is always looking for the next money-making opportunity

specialist entrepreneur

an expert (e.g., accountants, doctors, lawyers) who generally spend their careers in one industry

teamwork

involves building and maintaining collaborative relationships to work effectively toward your common goals, while appreciating diverse viewpoints and shared responsibilities

U.S. Small Business Administration

a federal government agency that helps small business owners grow and expand their businesses