

Quick Skills Interactive E-Textbook

SKILLS FOR THE FIRST-TIME ENTREPRENEUR

How to Become a Successful Entrepreneur



Skills for the First-Time Entrepreneur

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What is Entrepreneurship?

Workshop



Luci has trouble finding the entrance to Naya Creations. The remodeled warehouse seems mostly deserted, but she sees a few cars. After pausing briefly, she locates a door and enters.

Inside, a young man in jeans waves a greeting as he talks into his smartphone.

Shortly, another person walks by and asks, “May I help you?” “Uh, Yes,” Luci tells him, “I’m here for a job interview.”

Introducing himself as Todd, this individual smiles and says, “I’ll find Naya for you. Hope you get the job!”

Luci looks around and sees that the inside of the building is beautiful. The people seem friendly enough, but everything is very informal, including the work attire of the two people she has met.

Soon a woman with long, red hair rushes down the hallway. “Luci?” she calls. “Sorry for the delay, I was checking on an international shipment we are about to send out. I’m Naya, the owner of this crazy place.”

During a tour of the building, Naya explains how she started the business. After finishing art school, she designed jewelry for a large company. When she vacationed, she collected local items

that she could use in her creations—beads, shards of colored glass, inexpensive stones. Finally, bored with working for a big corporation, she decided to open her own shop to design and produce jewelry.

“Todd helps with design,” Naya explains, “and Daniel handles order

fulfillment, but I need an assistant to help me stay organized. I listed bookkeeping in the ad because that is crucial. Our sales have skyrocketed since we started using social media.”

In a small office off the corridor, the two women sit to talk. Luci is prepared for the usual questions about

her qualifications and career goals. Instead, Naya smiles and says, “So, why do you think you’d like to work for a small company like this? Every day is different, and we all pitch in to do what needs to be done.”



Naya Borst

Fashion Designer and CEO
at Naya Creations, LLC

What’s Inside

Here, you will learn to:

- ◆ Explain what is meant by “entrepreneurship”
- ◆ Identify traits of successful entrepreneurs
- ◆ Describe qualities needed for work in an entrepreneurial firm

Entrepreneurs: All Shapes and Sizes

Entrepreneurs in today's business world aren't just young computer whizzes who establish the latest technology companies. Entrepreneurs may be young, middle-aged or older and any gender. They may be any race or ethnic group. All of the following individuals, for example, could be entrepreneurs in a community near you.



- ◆ A 53-year-old woman who opens her own beauty salon.
- ◆ A 32-year-old baker starts a business supplying muffins and cookies to local gourmet stores, markets and restaurants.

- ◆ A 21-year-old musician who establishes a recording studio.
- ◆ A 40-year-old skateboard enthusiast who opens a shop to sell boards, scooters and related equipment.

Besides varying in their personal characteristics, entrepreneurs can choose virtually any field for their ventures. Look at these examples of small businesses in six major career pathways:

Communication and the Arts: an ad agency, a sign company, a dance studio

Health and Medicine: a fitness center, a drugstore, a home health service

Human and Public Service: a childcare center, a security firm, a community development company

Business and Marketing: a restaurant, a carpentry business, an investment consulting firm

Science and Technology: a software company, a biotechnology research firm, a laboratory equipment manufacturer

Environment and Natural Resources: a tree-pruning service, a water-testing laboratory, a waste removal firm

What do such diverse people, working in such varied fields, have in common? To answer that question, we'll first have to decide what exactly is meant by the term *entrepreneur*.

? Did you know?

The first U.S. university to offer a course in entrepreneurship was Harvard, in 1946. By 1979 there were about 150 such courses. Today there are hundreds more! Many colleges also offer degrees or certificates in small business management.

Defining an Entrepreneur

The word *entrepreneur* comes from the French *entreprendre*, to “undertake,” in the sense of undertaking a new venture. The term *enterprise* comes from another form of the same word.

As early as the mid-1700s, economists were talking about entrepreneurs as a major force in national and world economies. In the United States, entrepreneurship has become an especially hot topic during the last 30 years.

Economists differ in their precise definition of an entrepreneur, but most definitions emphasize the following points:

- ◆ **Innovation.** The entrepreneur creates something new—a new product or service, an unusual form of marketing or distribution, a new manufacturing technique, or something else that increases productivity. A person who buys an existing McDonald’s franchise might not be considered an entrepreneur, because there would probably be no innovation involved.
- ◆ **Responsibility.** The entrepreneur owns or is otherwise in charge of the organization and is primarily responsible for its success or failure.
- ◆ **Risk.** Typically the entrepreneur suffers the financial consequences if the firm fails. Even if there are other investors, the entrepreneur has a substantial personal stake.



Inventor or Entrepreneur

Although entrepreneurship involves innovation, it does not necessarily mean creating what we would call an “invention.” Frank Perdue did not invent the chicken. Nor did he invent marketing. But as an entrepreneur, he did create a new and remarkably successful way of selling chicken to the American public.

Similarly, inventors aren’t necessarily entrepreneurs. Have you heard of Jack St. Clair Kilby? In 1958 he invented a little device that is all around us today—the semiconductor chip used in computers. For that work, he won the Nobel Prize for Physics in 2000. He also co-invented the handheld calculator. Being a great inventor did not make him an entrepreneur. The products he conceived were produced and marketed by Texas Instruments, his employer at the time.

In today's economy, an entrepreneurial firm is usually new, small, and solely owned by the entrepreneur, but sometimes owned in partnership with others. Strictly speaking, however, these conditions do not have to be present. An entrepreneur can emerge in an older firm that he or she does not own.

Many very large companies, in fact, adapt the principles of entrepreneurship by creating special entrepreneurial departments or teams. This corporate form of entrepreneurial activity is called "intrapreneurship."

Even in larger, older companies, entrepreneurship consists of three factors of *innovation*, *responsibility*, and *risk*. This book will focus on small businesses, but the main principles are equally applicable to entrepreneurship in the very largest firms.



The Size of Entrepreneurships

You've heard of legendary start-ups that grew to be huge, including Microsoft®, Apple®, Federal Express®, the Kardashian enterprises and others. But most entrepreneurial firms never become so large.

The U.S. Small Business Administration defines a small business as one with 500 or fewer employees. In fact, most small businesses never approach this number.

That doesn't mean entrepreneurships are insignificant. As you have learned already, the U.S. economy is powered by small businesses.

? Did you know?

The percentage of U.S. employees represented by Fortune 500 industrial companies—the huge steel manufacturers, automakers, and the like—has fallen by almost half in the past 30 years.

















The slack is being taken up by entrepreneurial firms—a change that management expert Peter F. Drucker calls “a profound shift from a ‘managerial’ to an ‘entrepreneurial’ economy.”

ACTIVITY 1.1

NAME _____

Your Local Entrepreneurs

- For each of the 16 career clusters, name and describe one or two entrepreneurial organizations in your community. If you can't think of one that actually exists, describe one that could exist.

Cluster	Name of Entrepreneurial Organization	What the Organization Does
 Agriculture, Food & Natural Resources		
 Architecture & Construction		
 Arts, A/V Technology & Communications		
 Business Management & Administration		
 Education & Training		
 Finance		
 Government & Public Administration		
 Health Science		
 Hospitality & Tourism		
 Human Services		
 Information Technology		
 Law, Public Safety, Corrections & Security		
 Manufacturing		
 Marketing		
 Science, Technology, Engineering & Mathematics		
 Transportation, Distribution & Logistics		