

Entrepreneurship, Franchising And Small Business

Definition of Entrepreneurship

- **Entrepreneur**— A person who takes the risks necessary to organize and manage a business and receives the financial profits and non-monetary rewards
- **Intrapreneur**— An entrepreneurial person employed by a corporation and encouraged to be innovative and creative

Characteristics of Entrepreneur

Need for Achievement-

- A strong desire to succeed, to grow, to accomplish challenging tasks
- Strong desire for achievement leads to independence
- They need to be free to set their own course, establish their own goals and use their own style

Low Need to be Traditional/Conform–

- Growth oriented entrepreneurs are able to ignore others' advice
- Do what they really wish to do

Persistence

- Persistent, work hard, doing what is best for the business

Characteristics of Entrepreneur

High Energy Level/ Enthusiasm

- 60-80 hours of work per week is common
- He plans, organizes, directs, creates strategy and explore funds

Risk-taking Tendency –

- Growth oriented entrepreneurs believe in their ability to achieve success
- They accept risk and find it motivating

Risk Factors for Entrepreneurs

- **Business Risk**— Entering into the new business
- **Financial Risk**— Investing all financial resources
- **Career Risk**— By leaving a secured job for a venture with a highly uncertain future
- **Family/Social Risk**— Little time for family and socializing

Causes of Small Business Failures

Planning Oversights

- Not able to detect market and competitive changes
- No plans for emergency situations
- Inadequate financial planning

Poor Managerial Qualities

- Unwillingness to work hard, long hours
- Lack of ability to deal with people
- Failure to delegate responsibility and tasks

Causes of Small Business Failures

Use of Inadequate Business Methods

- Poor record keeping
- No credit controls
- No inventory control system
- Inability to hire help

Under Financing

- Lack of funds to buy adequate stock and equipment
- Lack of funds to hire personnel