

Entrepreneurs and Small Business Owners

The World of Small Business

Independently
Owned and Operated

Not Dominant
In Its Field

Relatively Small
Annual Sales

Fewer Than
500 Employees

Roles of Small Business

Provide New Jobs

Inject Money Into
The Economy

Introduce
New Products

Take Business Risks

Service
Large Corporations

Provide Specialty
Goods and Services

Types of Small Business

Lifestyle	High-Growth
Run by Individuals	Run by Teams
Limited Products/Services	Multiple Products/Services
Limited Resources	Investment Capital
Limited Marketplace	Large Marketplace

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The Typical Small Business



Narrow Focus

Limited Resources

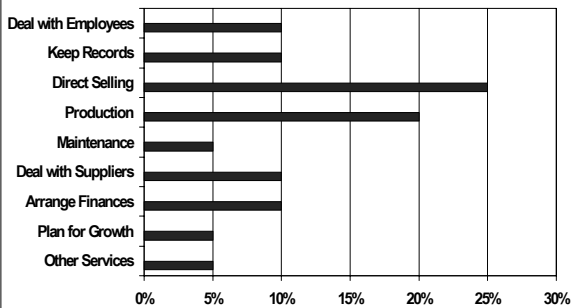
Innovation

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How Entrepreneurs Spend Their Time



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Factors Contributing to Small Business Growth

E-Commerce and Technology

Growing Diversity

Downsizing and Outsourcing



Characteristics of Entrepreneurs



Highly Disciplined

Self-Confident

Energy and Stamina

Control Their Destiny

Relate Well to Others

Seek New Skills

Characteristics of Entrepreneurs



Learn From Mistakes

Monitor Markets

Exploit Opportunities

Success Driven

Positive and Tenacious

Take Moderate Risks

Develop a Business Plan

Summarize the Business

Communicate Goals

Highlight Plans

Show Customer Benefits

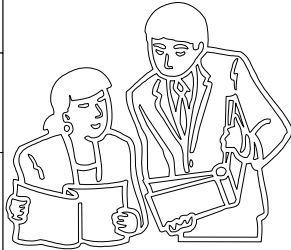


Importance of a Business Plan

Guide Operations

Outline Strategy

Attract Capital



Starting a New Business

Advantages

Disadvantages

- + Control your destiny
- + Reach your potential
- + Unlimited profits
- + Recognition
- + Doing what you enjoy

- Uncertainty of income
- Risk of loss
- Long hours & hard work
- Complete responsibility
- High stress levels

Buying an Existing Business

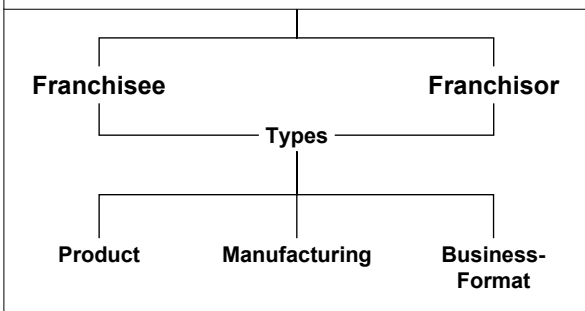
Advantages	Disadvantages
+ Customer base	- Alienated customers
+ Business systems	- Obsolescence
+ Product or service	- Bad location
+ Location	- Personality clashes
+ Financing	- Outstanding bills

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The Franchise Alternative



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Evaluating a Franchise

- Initial franchise
- Periodic royalties
- Trademarks and names
- Advertising and promotion
- Business location



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Evaluating a Franchise

- Exclusive territory
- Right of first refusal
- Equipment and supplies
- Agreement termination
- Franchise assignment



The Pros and Cons of Franchising

Advantages	Disadvantages
❖ Get a viable business	❖ No guarantee of wealth
❖ Name recognition	❖ High monthly royalties
❖ Network of support	❖ Limited independence
❖ Blueprint for success	❖ Limited flexibility

Why Businesses Fail

Management Incompetence	Ineffective Marketing
Lack of Experience	Uncontrolled Growth
Insufficient Financing	Untenable Location
Poor Cash Management	Poor Inventory Control
No Strategic Planning	Poor Entrepreneurial Skills

Sources of Small Business Assistance



SCORE

Incubators

The Internet

Financing A New Business

Avoid Common Mistakes

Overestimating Sales

Overestimating Cash Flow

Underestimating Expenses



Private Financing Sources



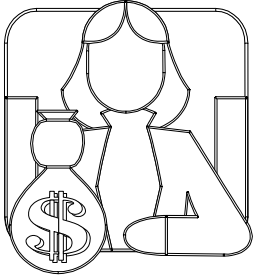
Banks and Microlenders

Venture Capitalists

Angel Investors

Credit Cards

Small Business Administration



SBA-Backed Loans

SBA-Microloans

Small Business Investment Companies

Going Public

Initial Public Offering (IPO)

Advantages

Raising Needed Capital

Disadvantages

Expensive and Time Consuming
