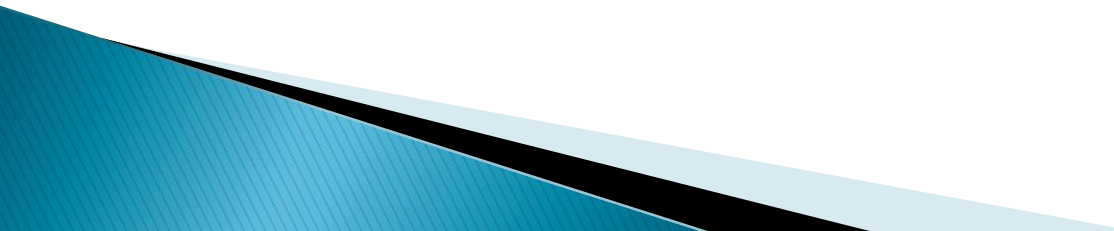


1.01


- ▶ **Understand economic systems to be able to recognize the environments in which businesses function**



Define

- ▶ Small Business – any business that is operated by one or a few individuals. Employs <100 people. Represent 99.7% of all employers.
 - ▶ Entrepreneurship – the process of recognizing an opportunity, testing it in the market, and gathering resources necessary to go into business
- 

Barriers to Small Business/Entrepreneurial success

- ▶ Owner – time is needed to plan and manage growth, you're busy running the business. Delegate responsibility!
 - ▶ People – you can't grow without people helping, problem is finding the RIGHT people. Define the job you want done!
 - ▶ Money – growth needs money, determine how much you need. Growth expenses will climb before revenue does!
 - ▶ Customers – if you don't sell, you won't grow. Acquire new, SPOIL existing. Superior Customer Service should be priority!
- 

Barrier continued

- ▶ Information Chaos – is confusing and halts growth. Good information should be CORRECT, CURRENT, and CONSISTENT!
- ▶ Processes – are the wheel of the company. If not documented you will constantly be reinventing. Document & K.I.S.S.!
- ▶ Planning – Phil Orsini, entrepreneur & author says *“Companies don’t fail because they grow. They fail because they don’t plan their growth.”* Strategic plans are you roadmap to growth

▶ <http://www.evancarmichael.com/Business-Coach/740/Seven-Barriers-to-Business-Growth.html>



Reasons for



- ▶ Started by entrepreneurs who put efforts in to build the company and earn profits. Due to the disadvantages of BIG business, small businesses are flourishing
 - Entrepreneurs come up with new ideas
 - They try to do something that's never been done before
 - They get venture capital funding
 - If the business is good, the returns are also good
 - Entrepreneurs can explore their own ideas and show creativity

Ways SB has contributed to society

- ▶ Read article @ <http://www.america.gov/st/business-english/2006/January/20080814223926XJyrreP0.615597.html>
- ▶ Small businesses contribute employment
- ▶ Pay taxes to government
- ▶ Help with the flow of the economy
 - Examples of entrepreneurs that have helped
 - 1800s Thomas Edison – light bulb
 - 1800s PT Barnum – was 60 when he did his first show, became known as the “Greatest Show on Earth”
 - 1900s William Harley & Arthur Davidson – survived the Great Depression and is the world’s largest motorcycle manufacturer
 - Present, Russell Simmons turned his passion for hip-hop into a venture now worth millions. Known as the Godfather of Hip Hop

Contributions to society continued

- ▶ **Donations** – A business person donates a lot of money for charity purposes. From his or her earnings, he or she would like to help the downtrodden and try to improve their living conditions.
- ▶ **Charitable institutions** – A businessman or woman sets up various educational, medical and vocational training institutions to provide the less privileged with benefits which they normally cannot afford. The fees may be less or waived in the case of a meritorious student. Hospitals are also run by these charitable institutions.
- ▶ **Sponsorship** – Many business people sponsor a candidate for higher education or fund a child in an orphanage. In fact, many orphanages are backed by these business people. Scholarships are provided to a poor student for him or her to avail of better educational opportunities.
- ▶ **Welfare programs** – A businessman or woman financially contributes to various welfare programs, like helping the blind, orphans, widow etc. In times of crisis, they help by donating items such as blankets, clothes, medicines etc.
- ▶ **Advisors to respective government** – Many successful business people participate in government activities in order to promote the well-being of the citizens. The government often seeks their advice on certain social and economic activities.

Entrepreneurship vs. Small Business

- ▶ Entrepreneurial venture is quite different from small business in the following ways:
 - **Innovation** – This is the very instrument of entrepreneurship. It provides resources with a new power to create wealth. Entrepreneurship frequently engages extensive innovation further than what a small business might exhibit.
 - **Risk** – Risk must be usually high in an entrepreneurial venture. If not, with the enticement of sure profits, many entrepreneurs would be trailing the idea and the opportunity would no longer exist.
 - **Amount of wealth creation** – A booming entrepreneurial venture generates substantial wealth, normally in excess of several million dollars of profit rather than simply generating an income stream that replaces fixed employment.
 - **Speed of wealth creation** – A successful small business can make quite a lot of profit over a lifetime. But for an entrepreneur, wealth creation often is fast and speedy, for example, within 5 years. Also, the types of business they are engaged in is what basically differentiates entrepreneur activities. Innovation is the key. Every entrepreneur should rely greatly on this. Innovation can be emphasized on the following:
 - new organization
 - new products
 - new markets
 - new production methods

