

Life Skills Development/Module Four/ entrepreneurship

Introduction.

In everyone is the potential to be an entrepreneur. The question is, are you ready to become an entrepreneur or do you wish to work for someone, for the rest of your life? In this unit, we will open the world of your own business to you.



Objectives

- To create an insight of the business world with the variety of enterprises and industries that help shape the world around them.
- Explore the planning, organizing and controlling of a business, including organizational and human aspects, with emphasis on various theories of management, the knowledge and understanding necessary for managing people and functions, and decision making.
- Develop an idea for a successful and original business plan that could be used in starting a small firm.



Reflection

- Do I want to work for some one else all my life?
- Can I see me as an entrepreneur? Do I have the potential?
- What would it take to construct a business?



Entrepreneurship in its basic form.

What is an Entrepreneur?

Definitions

What is meant by Entrepreneurship?

Economic analysts have realized that small firms contribute considerably to economic growth and vitality.

Entrepreneurship, can be defined as, the practice of starting new organizations, particularly new businesses generally in response to identified opportunities.

Generally, the new organizations started by entrepreneurs are small businesses.

B. How do we define Small Business?

A small business is "one that is independently owned and operated and which is not dominant in its field of operation."

Small Businesses are defined using size standards. Different countries have different standards which are used to determine the size of a business. These standards include:

1. Number of Employees
2. Amount of money used to start – Start up investment
3. Rate of turnover - average annual receipts of the business

For example:

- St. Vincent & the Grenadines: A small business is one that employs ten persons or less and has an initial investment of Twenty five (\$EC25,000.00) or less.
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- Belize: A small retail business is one which has annual sales receipts under \$ 2 million.
- European Union: A Small Business has less than 50 employees and a turnover of less than 10 million Euros. The EU also defines a medium sized enterprise as one which employs less than 250 people and has a turnover of less than 50 million Euros and a micro enterprise as one with less than 10 employees and a turnover of less than 2 million Euro

Typical examples of small businesses include: small shops, hairdressers, tradesmen, solicitors, lawyers, accountants, restaurants, guest houses, photographers, small-scale manufacturing etc.

Have you been thinking of your business idea? Focus on your talents, skills, your hobbies, your passion and also on the needs of your community.



Discussion

Discuss with a friend new business ideas



Building Your Business Plan

Now you have an idea. Give your business a name. You can adjust/change this name later.

No idea yet! Don't worry. Continue to work through the unit.

How to write your Business Plan | Business Plan Template | Business Plan Sample

You may want to be an Entrepreneur or you may just want to try on the idea. Let's proceed.

Running a business is not easy. In order to succeed, you need to do these four things:



Self Assessment

Make a list of all that comes to mind as you try to:

- find your strong points
- find your weak points
- decide how you can improve your weak points
- decide how you can make use of your strong points in order to succeed.

Check List

#	RUDRIC of performance criteria	YES	NO
1	I have identify my strong point		
2	I have identify my weak point		
3	I have find ways of improving my weak points		
4	Can I use my strong point to succeed in business		

4.1 Seeing me as an Entrepreneur?

An Entrepreneur is a person who owns and operates a business enterprise. He/she takes all the risks involved in the operation of this enterprise.

Entrepreneurs are innovative; and as a result, are always able to see possibilities which would not be normally seen by ordinary persons. They have a strong desire to succeed; and so, it is often quite common for entrepreneurs to fail at several initial enterprises before finally making it big. Also, entrepreneurs have the capacity to work long hours, ensuring that their business ideas are fully developed rather than, take holidays and time off from their businesses.

The table below gives some qualities that help people to better understand themselves. Try the activity.

Characteristics of an Entrepreneur

- The entrepreneur has an enthusiastic vision, the driving force of an enterprise.
- The entrepreneur's vision is usually supported by an interlocked collection of specific ideas not available to the marketplace.
- The overall blueprint to realize the vision is clear, however details may be incomplete, flexible, and evolving.
- The entrepreneur promotes the vision with enthusiastic passion.
- With persistence and determination, the entrepreneur develops strategies to change the vision into reality.
- The entrepreneur takes the initial responsibility to cause a vision to become a success.
- Entrepreneurs take prudent risks. They assess costs, market/customer needs and persuade others to join and help.
- An entrepreneur is usually a positive thinker and a decision maker.



Activity

Put all your reflections and written work in your portfolio

- Give three characteristics which you have that will make you a good Entrepreneur.
- Name two entrepreneurs in your area/district.

4.2 What is an Enterprise?

Almost any business or organization can be called an enterprise, possibly led by an entrepreneur

An enterprise is any activity which provides customers with a product (goods/services) with a view to making a profit.



Building Your Business Plan

For a Business Plan you need a Business Idea. What is your Idea? What Business do you want to start? Write this down and as we move along we will build a business plan for that Idea.

[How to write your Business Plan](#) | [Business Plan Template](#) | [Business Plan Sample](#)



Web Resources

No idea yet? Here are some links to view to help you get started: [1]

Where do Great Ideas Come From [2]

Introduction | Objectives | What is Business Management? | What is meant by Entrepreneurship? | What are the different business types? | How is a business idea developed? | What Factors Influence the Business? | The importance of a business in a country | Summary

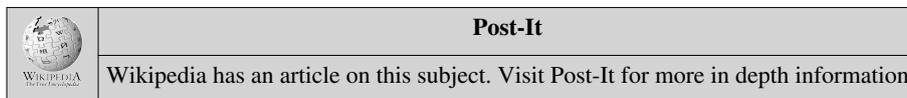
6. How is a business idea developed?

Think about your talents, and your passion, your hobbies: which can be developed into a micro business? New opportunities occur from changes in industry, social, or economic environments. New ventures arise in the following ways:



Now this is what is consider a portable shop.

A. External Causes



1. **Changes in industry stimulated by advancing technology and new knowledge spur new products and services** ;a good example of this are the changes in the ICT - tele-communication etc, and the IT - the computer, internet and the e-learning technologies.
2. **Accidental discovery** ;sometimes a person stumbles upon an idea instead of deliberately trying to invent a new product, as was the case of the Post-It product of the 3M company.
3. **Changing perceptions** ;there are times when the social environment is an element of new venture creation. For example, the emphasis on health activities in the 1980's created full-service health clubs.
4. **Economic changes** ;often involve opportunities that arise out of the necessity such as the energy crises leading to new ideas



Discussion

Share your thoughts about the following with a friend. Then write them in your portfolio.

Identify **one** of each of these four kinds of ideas (listed above)in a business in your country/ region.

- Has the IT revolution spurred on new business in your country? Which?
- Is any business you know of based on a new idea?
- What business would not be possible if the perceptions of the environment in your country where the same as those of fifty years ago?

B. Voluntary Self-Employment

1. Prior work experience is the most common origin of new ventures:
 - a) Frequently a person, perceiving ways to modify a product or improve a service will start a new venture from the knowledge acquired from a former workplace;
 - b) A person can also obtain the right to manufacture a product based on a patent;
 - c) An individual observing scant competition afforded to a particular business can go out and duplicate that same business, as long as there is a market.
2. Follow family traditions especially if they have been serving the needs of that community for so long.
3. Being your own boss can give self satisfaction and can also achieve leadership and recognition.

C. Hobbies

1. A love of horses or animals can lead someone to an opportunity of running a riding school or an animal farm.

D. Advantages of starting your own business

1. The entrepreneur can select his/her own location, employees, and avoid any undesirable precedents set by a previous owner.
2. A start up business can start fresh without having to follow old practices.

5. Competition (SWOT Analysis)



Reflection

How much of a risk is your business idea? How much is it an opportunity not to be missed?

Can you manage competition?

Competition may be defined as a business relation in whom two or more parties compete to gain customers.

Goods and services will be bought from those who, in the view of buyers, provide 'the most for the money' and/or from those who offer greater buying convenience. Hence, competition tends to drive the entrepreneurs to find ways and means of ensuring that the customers make their goods and services their first choice.

Therefore, all business persons must consider competition when deciding to start a business regardless of the size of business. Special efforts must be made in assessing existing competition; as well as, planning to deal with competition which may come after the business has started.

As an entrepreneur, you must define competition correctly; select the appropriate competitors to analyze; plan how you will deal with new competitors and explain your competitive advantages. This information will be important when developing the competition section of your business plan.

In identifying competitors, entrepreneurs often find themselves in a difficult position. On one hand, they want to show that they are unique (even under the investors' broad definition) and list no or few competitors. However, this has a negative connotation. If no or few businesses are in a market space, it implies that there may not be a large enough customer base to support the new business' products and/or services.

After identifying your competitors, your business plan must describe them. In doing so, the plan must also objectively analyze each competitor's strengths and weaknesses and the key drivers of competitive differentiation in the marketplace.

In analyzing your competitors' strengths and weaknesses you will begin to use a rather common tool used by many business persons. It is called a SWOT Analysis.

What is SWOT Analysis?

SWOT analysis is a tool for auditing a business and its environment. It is the first stage of planning and you as a new entrepreneur must focus on key issues. SWOT stands for strengths, weaknesses, opportunities, and threats.

- **S - Strengths**
- **W - Weaknesses**
- **O - Opportunities**
- **T - Threats**

Strengths and weaknesses are internal factors. Opportunities and threats are external factors. For example:

A strength could be:

- Specialist marketing expertise
- New, innovative products or services
- Location of business
- Any other aspect of their businesses that add value to their products or services

A weakness could be:

- Lack of marketing expertise
- Undifferentiated products or services (i.e. in relation to your business)
- Location of their businesses
- Poor quality goods or services
- Damaged reputations

In SWOT, opportunities and threats are external factors. For example:

An opportunity could be:

- A developing market such as the Internet
- Mergers, joint ventures or strategic alliances
- Moving into new market segments that offer improved profits
- A new international market
- A market vacated by an ineffective competitor

A threat could be:

- A new competitor in your home market
- Price wars among competitors
- A competitor has a new, innovative product or service
- Competitors have superior access to channels of distribution
- Taxation (such as VAT) is introduced on your product or service



Activity

Apply the SWOT analysis to your business as you try to assess the position of your business idea. Discuss it with your friend. Write it in your portfolio.

References

[1] <http://www.homebusinesssolutions.com>

[2] <http://www.inc.com>

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