

ENTREPRENEUR 101

INNOVATION LAB: MODULE 1
STUDENT GUIDE



"THE BIG PICTURE"

Is there anything that really bothers you each day? Is there something that bothers you enough so that you might wonder, "Can I solve this problem?"

Do you find yourself idolizing Mark Zuckerberg or Bill Gates or Steve Jobs more than Cristiano Ronaldo, LeBron James, or Lady Gaga?

Maybe you would rather read Business Week or The Economist than Sports Illustrated or Teen Magazine. If this sounds like you, you may already be on your way to becoming an entrepreneur.



What is an entrepreneur?

An entrepreneur is one who _____, _____, and _____ the risks of a business.

An entrepreneur would much rather create a job than take a job created by someone else, even though this usually involves much more risk. Entrepreneurs have a very different attitude than most people, which allows them to more readily deal with new, exciting—but uncertain—situations.

Entrepreneurs must be action-oriented, since the success of their business depends on them. They are usually good at finding innovative ways to create goods or services, or finding new ways to deliver existing goods and services.

What do entrepreneurs do?

Entrepreneurs are change agents.

They see _____, _____, and _____ as challenges to overcome.

They find **solutions** to meet **needs in the market place**.



Perhaps two of the most important characteristics of an entrepreneur are (1) strength and courage to resolve problems in the face of adversity and (2) competitive spirit.

The reward for this attitude is the chance to do something you love while earning money for you and your family. This also means you can give more money and time back to your community through jobs, charity and, of course, taxes.

After completing this lesson, you will better understand entrepreneurship and see if you have what it takes to become an entrepreneur.

Even if you decide you do not want to start your own business, you can still develop an entrepreneurial attitude. This attitude helps you see the world as filled with opportunities. This means that you need to do your best in school, because the more knowledge and skills you acquire, the more opportunities you will have to live a happy and successful life. So, let's get started.



Questions and Answers

Q Do entrepreneurs have any special characteristics. If so, what are they? What makes them different from other people?

Most entrepreneurs are competitive. They want to win, and one measure of winning is whether customers are willing to buy their goods or services at a price greater than the cost. One of the co-founders of eBay is an entrepreneur named Jeffrey Skoll, who currently runs an organization called the Skoll Foundation. The Chief Executive Officer and President of the Skoll Foundation is Sally Osberg.

A few years ago, Ms. Osberg wrote an article outlining five main characteristics of an entrepreneur. The characteristics she listed are inspiration, creativity, action-orientation, courage and fortitude.

Questions and Answers

Q Why not just get a job rather than start your own business?

It's not always easy getting a good job—one that you like and that pays well—even if you have a good education. Each person has a unique set of talents and skills. The key is to create or improve a product or service that others will buy by combining your natural talents with hard work and determination.

Additionally, the profits you can make from your business can be much greater than if you were working for someone else.

Q Starting a business sounds great, but what are the disadvantages?

The first one is risk. Two out of every three new businesses fail within the first five years. There are many reasons why they can fail. Most will fail due to inadequate research, lack of planning, a shortage of money to keep the business running in its early phases, or poor management. Entrepreneurs learn to minimize their risks by planning, which usually means writing a business plan before they commit to starting their business.

So, keeping your enthusiasm in check, we caution you to investigate the disadvantages of starting and running your own business.

Characteristics of an Entrepreneur

Inspiration

Before someone can start a new business or social venture, he or she needs to be fired up by an **innovative idea**. Mark Zuckerberg of Facebook saw how the computer could be used to create an on-line social network. Bill Gates saw how computer software could make repetitive human tasks much easier.

Often, entrepreneurs **take an existing product or service and make it better** rather than create an entirely new product. Fred Smith of UPS revolutionized shipping by streamlining the process to make it more efficient.

Sam Walton of Wal-Mart did not discover a new product; rather he discovered a new process of getting retail merchandise into the hands of customers who did not live near big cities. Walton also vowed never to raise the price of his merchandise more than 30% of its cost. These simple ideas turned the Walton family into the third wealthiest family in the world.



Characteristics of an Entrepreneur



Creativity

How often, in school and in life, do you react to situations? It's like playing basketball and always playing defense. Entrepreneurs, on the other hand, are proactive. They seek opportunities to solve problems that can add value, resulting in profit or social change—or both. They are constantly thinking about new ways to solve everyday problems.



Action-Orientation

Have you ever met someone who always has good ideas, but never implements them? After a while, most people stop listening. Successful entrepreneurs act on their ideas and turn them into businesses or social ventures.



Courage

Entrepreneurs know that there will always be people who tell them that they cannot do something, that they will not be successful, or that they don't have good ideas. In spite of this, entrepreneurs believe in themselves and take chances by investing time and money to go forward with their ideas. In other words, entrepreneurs take calculated risks even in the face of possible failure and ridicule from others, because of the chance that they can be successful. This takes guts!



Drive and Fortitude

Entrepreneurs never give up! If you believe your idea has merit, and you are inspired to go for it, then pursue your passion. Thomas Edison failed hundreds of times, but he ultimately succeeded. And if your first idea does not work, try, try again!

Having the independence and power to make your own business decisions.
Making a living doing what you enjoy.
The personal satisfaction, sense of achievement, and recognition that comes with being successful.
More flexible work hours.
Having the ability to work at home.
Direct contact with customers, employees, suppliers and other business professionals.
The opportunity to create substantial wealth and job security for yourself and your family.
The opportunity to be creative in developing your own idea, product or service.
Contributing to your community and others in the form of employment, or possibly supporting a local charity.

Disadvantages of Owning Your Own Business

You no longer have only one boss; you will now answer to your customers, to government agencies (local, state and federal), and possibly the bank

The financial risk is great and the failure rate of starting a new business is high. As an owner, the hours will be long and hard.

There will be limited time for social engagements and few, if any, vacations in the first few years

Your profits from the business, unlike a salary from a regular job, will fluctuate from month to month with your business

If any problem arises, all the responsibility is yours; the cost comes out of your pocket, not your employer's.

You may find that you do not like the work, after all, and you'll be stuck doing it for years until you can sell the business or find another way of satisfying your debts without a major financial loss.

You may lose focus on school or other commitments.

Owning a business is very risky due to the increasing amount of regulation and litigation. A lifetime of work building a business can be lost because of a lawsuit or a new law or regulation.

What types of businesses are there?

Product Business

There are many types of businesses. “Commercial” businesses whose primary goal is to make money are categorized in two ways: a product business or a service business. A product business manufactures and/or sells a finished good to a customer. Examples of product businesses are a business that makes jewelry, pottery, clothing, or automobiles.

Service Business

A service business, on the other hand, provides labor or expertise. For instance, lawyers, doctors, childcare providers, cooks, and housekeepers are all service providers.

Some businesses combine both categories and offer both products and services. A good example of this would be a hairdresser. A hair stylist offers the service of cutting and styling your hair and often offers an assortment of products that you can purchase for your hair.

Non-profit Business

Another type of business is a non-profit business. These types of businesses are sometimes called “social” enterprises; examples include running a homeless shelter or soup kitchen. Instead of selling goods and services, non-profit businesses usually get most of their money from government grants or private foundations (such as the Bill and Melinda Gates Foundation).





Do you have the DNA of an entrepreneur?

Check to see if you share the character traits to be a successful entrepreneur.

You are...	Not at all 1	Somewhat 2	Average 3	Above average 4	Very much 5
An inspiration to others					
Creative					
Action - Oriented					
Hard-Working					
Honest					
Intelligent					
Enthusiastic					
Motivated/Determined					
A risk taker					
A leader					
Trustworthy					
A good team player					
Independent					
Selfless					
Competitive					



How did you score?

1 - 25

Take time to build your leadership muscles before taking the leap!

26 - 60

You're ready to take the next step!

61- 75

You're going to be a serial entrepreneur!