

ME? OWN MY OWN BUSINESS?

PRESENTER:

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ACCORDING TO THE SMALL BUSINESS ADMINISTRATION:

There is *GOOD NEWS!*

Small businesses in the United States.....

- Create 75% of the net new jobs
- Employ more than half of all private sector jobs
- Create more than 50% of the GDP (non-farm)
- Employ 39% of the high tech work force (engineers, scientists, etc.)
- Produce 13 times more patents per employee than large corporations
- Only 3% are franchises



ACCORDING TO THE SMALL BUSINESS ADMINISTRATION:

And there is some bad news.

- About one in three small businesses fail within two years after start-up
- About one in two fail after four years of start-up

The SBA defines “small business” as an independent company with under 500 employees.

Source: <http://www.sba.gov/ADVO/stats/sbfaq.pdf>



QUESTIONS, QUESTIONS, QUESTIONS.....

The experts say there are three important questions to ask yourself before starting out:

- Do you have a good idea for a *product* or *service* that you can bring to market?
- Do you have a solid *business plan* for the entrepreneurial enterprise?
- Do you have access to adequate *financing* to get started and to sustain the business?

QUESTIONS, QUESTIONS, QUESTIONS.....

These are good questions that certainly must be answered.....but there are three more questions to ask yourself up front that are just as important, and perhaps even more so.

- Is there real *economic viability* for your entrepreneurial enterprise? Will enough people pay a fair price for your product/service?
- Do you have the *passion* to become an entrepreneur?
- Do you have the *leadership skills* to build a successful entrepreneurial enterprise?

DO YOU HAVE A GOOD IDEA FOR A *PRODUCT* OR *SERVICE* THAT YOU CAN BRING TO MARKET?

- Products/services that satisfy needs include those that ease pain or suffering, solve societal problems, improve efficiencies or productivity, expand markets for businesses, etc.
- Those that satisfy wants provide amusement, enhance leisure activities, improve self esteem, facilitate comfort, etc.
- Generally, products/services that satisfy needs are more attractive to potential investors and have greater chances of sustained success than those that satisfy wants.

DO YOU HAVE A SOLID *BUSINESS PLAN* FOR THE ENTREPRENEURIAL ENTERPRISE?

A good *BUSINESS PLAN* contains (as a minimum):

- An Executive Summary
- Company Profile (includes Mission Statement, location, principals, key employees, etc.)
- Market Analysis (the economic viability of your enterprise including competitive analysis)
- Marketing Strategy
- Planned Staffing (who, when, organization chart)
- 3 to 5 Year Financial Pro Forma (includes income statements, balance sheet and cash flow statements)

A good *BUSINESS PLAN* contains (as a minimum):

- Appendices (principal's background, publications & websites supporting the need for your product/service, etc.)

A good **BUSINESS PLAN** serves two purposes:

- First, it is a road map for you to monitor and measure your progress.
- Second, it serves to communicate to investors how you intend to grow a viable business with their money.

The business plan should be reviewed/updated at least once a year.

DO YOU HAVE ACCESS TO ADEQUATE *FINANCING* TO GET STARTED AND TO SUSTAIN THE BUSINESS?

FINANCING can come from several sources:

- Your own resources
- Customers
- Private Investors
- Bank Loans
- Line of Credit
- SBA Loans
- Business Credit Cards
- Sell equity
- Venture Capital

FINANCING can come from several sources:

- These are the more commonly used sources of capital for entrepreneurs. Each has its advantages and disadvantages.
- The wise entrepreneur picks and chooses the right combination to satisfy capital needs at minimum risk.

IS THERE REAL *ECONOMIC VIABILITY* FOR YOUR ENTREPRENEURIAL ENTERPRISE?

ECONOMIC VIABILITY analysis:

- What is the target market for your product/service?
- What similar products/services are presently serving the target market by competitors?
- How is your product/service better than/different from similar products/services in the market?
- What is the size of the target market for your product/service?
- What portion of the market do you expect to achieve over the first five years?

ECONOMIC VIABILITY analysis:

- What are the characteristics, features and competitive barriers designed into your product/service or delivery that would sustain your market share growth strategy even when adversity in the market occurs?

DO YOU HAVE THE *PASSION* TO BECOME AN ENTREPRENEUR?

PASSION means:

- You are running to the entrepreneurial opportunity; not away from something else.
- You have a vision – a vision of building a world class enterprise, not necessarily a large one, and can articulate that vision clearly.
- You are willing to make a total commitment to your vision – willing to put your total asset base at risk for it. Your spouse, family and loved ones are supportive.

PASSION means:

- You are dedicated to building your business on high moral values – honesty, integrity, ethical practices, and high performance standards – quality, customer satisfaction and accountabilities.
- You get your kicks not from the praise and kudos of others as you do in the corporate world, but from watching the business you build grow and become successful. You are willing to hold yourself accountable for your failures and shortcomings.
- Your focus is not just on the creative idea, but on the building of your business step by step, brick by brick – making sure the right things, processes and people are in place.

PASSION means:

- Your focus is not just on the creative idea, but on the building of your business step by step, brick by brick – making sure the right things, processes and people are in place.
- You seek out and are willing to listen to counsel, advice and criticism. You are willing to make appropriate changes, even to concepts, ideas and models you created.
- You know that making money is not the principal goal of the successful entrepreneur – making money is the result of the successful entrepreneur's focus on the building of a strong business.

DO YOU HAVE THE *LEADERSHIP* SKILLS TO BUILD A SUCCESSFUL ENTREPRENEURIAL ENTERPRISE?

LEADERSHIP means:

- You are the company – the entire company; you set in place the culture, work ethic, standards, goals, policies, expectations and accountabilities. As you add people, they adopt these characteristics you imbed in the company.

LEADERSHIP means:

- You are both a good manager and a good leader; a good manager manages budgets, assets, processes and time and measures performance – a good leader provides direction to others and stimulates self motivation in them.

LEADERSHIP means:

- You will become knowledgeable of and lead the implementation of the many disciplines required of a successful business, such as (partial list):

Human Resource Policies
Marketing
Sales
Product/Service
Development

Information Technology
Accounting
Customer Support
Quality Disciplines
People Development

LEADERSHIP means:

- You have developed strong industry knowledge. You know the markets, customer desires, trends, competitive strengths and weaknesses, emerging technologies and other factors that could impact the growth and success of your business.

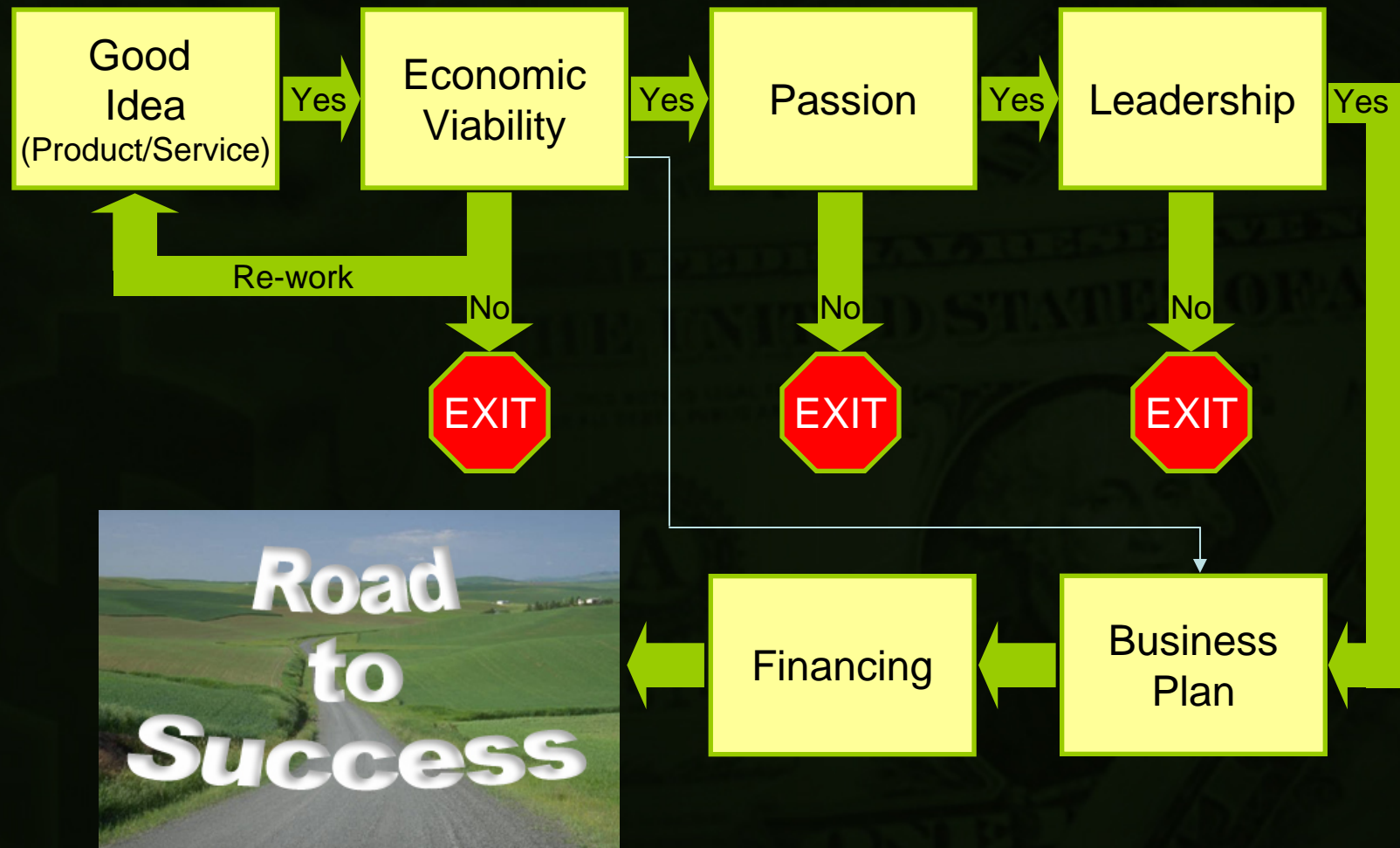
LEADERSHIP means:

- You know your company will grow and be more profitable as a result of your spending less time working *in* the business and more time working *on* the business – putting in place the right systems, procedures and programs and developing your employees to run them.

LEADERSHIP means:

- You are a skilled communicator – you communicate with your customers, your employees and your investors. Your message may be slightly different with each party, but you project openness and honesty through regular communications.

Entrepreneurship Flowchart



RECOMMENDED REFERENCES

Web Sites:

- <http://www.entreworld.com/Channel/SYB.cfm?Topic=YouECarr>
- <http://www.morebusiness.com>

Books:

- SEIZE THE AMERICAN DREAM: Jim H. Houtz with Kathy Heasley, Publisher: JaGrand Ventures, Scottsdale AZ
- MAKING ANYTHING POSSIBLE: Al Marino, Publisher: Leadership Resources Institute, Las Vegas NV
- THE E-MYTH REVISTED: Michael E. Gerber, Publisher: HarperCollins Publishers, New York, NY