

What makes an entrepreneur?

What it takes

The dream of going into business has never been as popular as it is today. Despite the tremendous risk of going into business millions of new businesses are started each year in the United States. Statistics show that many of these new businesses won't last more than a few years and that owners close their doors as a result of poor market research, inability to compete effectively, mismanagement, and/or many other reasons.

Starting a business is not difficult; keeping the business running is. Not enough people take the time to ask key questions about themselves or their abilities before starting out. The hard truth is entrepreneurship is not for everyone; it takes some basic skills that can be learned and requires a few personality traits. Take the time to analyze yourself and decide whether owning a business is suitable to your own personality, skills, and lifestyle. Venturing out on your own is a major decision, involving too much time, money, and energy to be careless with. Considering you have read this far, chances are you already have many of the attributes that many entrepreneurs share.

Personal Qualities:

- Patient and persevering. Successful entrepreneurs are normally willing to work long, hard hours, and willing to weather the highs and lows of business.
- Love a challenge and are driven by a need to challenge one's self.
- High tolerance for ambiguous, unstructured situations.
- A desire for change and constant improvement. Entrepreneurs frequently monitor social trends and adopt new technologies.
- Action-oriented.
- Think positively and quickly get over their failures, learn quickly, enjoy feedback, and are able to learn from mistakes.
- Both listen and communicate well.
- Independent and extroverted.
- Self-confident and determined to succeed. Entrepreneurs should be comfortable with having all of the decisions rest upon them.
- Creative, innovative, and open-minded.

Physical and Psychological Qualities:

- Ample health and energy.
- Emotional stability.
- Money — enough to start the business, as well as to support yourself during the risky start-up period.
- Time — a business requires much time and attention, especially during its launch.
- Influence from entrepreneurial role models.
- Personal intelligence.

Business and Managerial Skills:

- Able to set realistic attainable goals.
- Love to take risks, but ensure that these risks are calculated, not foolish.
- Able to exert influence on and inspire others without a need to impose status or power.
- Able to get along with and adapt to all types of people.
- Able to trust others and give out responsibility.
- Possess good communication skills (the ability to put your ideas into writing, as well as to persuasively present your ideas to a group of people).
- Possess general financing, production, administration, human resources, sales, and marketing skills.

Lifestyle Considerations:

- Other commitments and obligations — your decision will not only affect you. Get opinions and input from others.
- Family — there are many added responsibilities associated with having a family. You must not only provide food, clothing, and shelter, but also adequate time, love, attention, and security. Therefore, you should guarantee that your new venture does not put others at risk.
- Your own happiness and whether you are passionate enough about your business idea to ensure that you will enjoy it daily. Considering your natural talents, skills, and sources of enjoyment may lead you to the best business idea.

All of these characteristics, combined with know-how, personal contacts, and the development of business expertise, generally separate the successful from the unsuccessful in entrepreneurialism. Act wisely by taking a look at yourself, your needs, desires, and capabilities before taking the plunge into the world of business.

Nevertheless, please be aware that entrepreneurial characteristics are somewhat flexible and do have the potential to be developed. If you anticipate any areas of difficulty, it is best to deal with them sooner rather than later. Here's what you can do:

- Educate yourself through books, courses, and discussions with other business owners.

A PUBLIC/PRIVATE COLLABORATION

- Take some additional time to get the experience you may lack.
- Develop the skills and traits you do not have.
- Partner with someone to handle the things you can not.
- Hire others for areas in which you are unfamiliar or inexperienced.

Calculate the odds of success

The next step in the business development process is defining and analyzing your business idea. The small business failure rate most certainly would fall if more people would take the time to research and evaluate their business idea before they take the plunge.

To get started you should start out by defining exactly what your business idea is in writing. Ask yourself, "Why will my business be a success?" Spend time to research and evaluate your idea. Review your business idea with professionals like the those at the Economic Development Corporation of Manitowoc County, Lakeshore Technical College, Small Business Development Center, SCORE, or Urban Hope Entrepreneur Center. (See page 9 for more information on these programs or services.) Think through your idea with these questions: What business am I interested in starting? What services or products will I sell? Is my idea practical, and will it fit a need? What is my business's competitive advantage? Can I deliver a better quality service? Can I create demand and will customers buy it?

Discuss the products or services with potential customers. Would they buy from you? At what price? With what frequency? Why would they buy your product over the competition? What risks or hurdles do they see related to your idea?

Study the competition. Identify the competition's strengths and weaknesses while trying to be objective. What could you do better than the competition? What do they do really well? How do they operate? Analyze the market you will be serving. Determine if there is too much market competition or none based upon your location, breadth of distribution, levels of promotions, and likely prices. How is the market changing? What are the price markups/structures? What are the trends in your industry? What will it take to be successful in the industry?

You should also consider financial feasibility. How much will it cost to get your business started? What sources of capital do you have available? Keep in mind that the vast majority of businesses are started with personal finances or by friends and family members. What will it cost to keep the business running? What are your profit goals and what level of sales can you expect during the first year or two?

If after all this self-examination your business idea still seems like a good idea, you can move ahead with confidence. On the other hand, you may discover your idea has some flaws in it or you're just not able to find all the answers you are looking for. In this event you could:

Decide to postpone action on your idea until you can get more information.

Rethink your idea and improve it.

Conclude that becoming a business owner is not for you. Deciding not to start a business can be a good decision, too.

Shop your idea to a third party.

Consider your options

You do not have to go it alone. Linking up with a business partner can be a way to help share the burden and joys of owning a business. It could provide another dimension of success by complementing and enhancing your skills and personality. Keep in mind that starting a business with a partner can sometimes complicate the situation. A good partnership will establish a formal partnership agreement in consultation with an attorney including items such as who will be responsible for what task, what type of consultation is made before a decision is reached, what happens if one of the partners decides to leave the business, etc.

Starting a business from scratch is only one way to begin. There are some other options that you might want to consider. Buying an established business that's already up and running may spare you many of the problems associated with starting up and may reduce some of the risk of going into business. But buying a business requires due diligence and professional assistance and advice.

Another option to consider is purchasing a franchise. Franchising is a way to get into business with a proven product, service, or business format. It is an approach that is based on the principle that if you do what has worked for others you will be successful too. While not completely risk free franchises have a much lower failure rate than non-franchise businesses.

If you have a patent, trademark or copyright, you may want to license your product to another firm instead of starting your own business. You may decide that it is better to have others with the experience and equipment to manufacture and market your product and collect royalties from them.

Timeline for Starting a

Business

If you have read this far you and are still considering starting a business, that's great! Now you need to understand the many things that need to be accomplished before opening. The following is an estimated timeline for starting a business. Each business is different and not everything listed below will apply to your situation, and some may become clearer as you read through sections of this publication. To avoid surprises it is always best to check with your federal, state, and local regulations and officials.

PRE-PLANNING

- Prepare a written business plan based on sound business practices. This should include information about you, the business, management team, projections, and complete financial statements.
- Assess your personal skills for being self-employed and for your commitment to the business.
- Analyze your business idea by looking into similar businesses for comparisons of profitability, start-up costs, etc.

9-12 MONTHS PRIOR TO START-UP

- Determine time required to obtain business permits.
- Contact and join chamber of commerce.
- Visit with others in your network: attorneys, bankers, CPA's, consultants.
- Check out community amenities (real estate, schools, etc.).
- Subscribe to local papers.
- Decide on business location.
- Obtain licenses (local, county, state).
- Prepare preliminary business plan and budget.
- Interview bankers.
- Determine when the phone book is printed.

6-9 MONTHS PRIOR TO START-UP

- Check zoning ordinances.
- Check utility requirements.
- Prepare leasehold improvement plan.
- Determine office and plant layout and design.
- Choose advisors: attorney, accountant, consultant, insurance agents and brokers.
- Review leases and contracts with attorney and advisors.
- Obtain bids on major business equipment.

4-6 MONTHS PRIOR TO START-UP

- Decide on a form of business organization (sole proprietor, corporation, LLC, etc.).
- Prepare advertisements.
- Prepare final budget and review with banker.
- Order business systems: receivables, check disbursements, payroll system.
- Order sign for office.

0-4 MONTHS PRIOR TO START-UP

- Make sure business filings and license applications are complete.
- Arrange for insurance.
- Arrange for telephone service installation.
- Open checking accounts.
- Sign up for credit card systems at local bank.
- Arrange for business announcement ads in local papers.
- Order office opening announcements.
- Arrange to give talks to community groups.
- Consider membership in civic and church organizations.
- Contact State Department of Workforce Development if hiring new employees.
- Prepare job descriptions for employees.
- Write policy manual for office employees.
- Check local resources for personnel.
- Begin screening process for new personnel.
- Contact IRS for booklets and apply for Federal Employment ID number.
- Apply for state ID number.
- Contact state for tax forms and employer's requirements.
- Obtain payroll withholding booklets from tax authorities.
- Review tax requirements with your accountant.
- Arrange for janitorial service, waste removal, laundry service, grass mowing.
- Order supplies: appointment cards, business cards, stationery, deposit stamp for checks, telephone message pads.
- Interview and select collection agency.
- Determine business hours.
- Determine pricing schedule.
- Order publications.
- Purchase office equipment and furniture.
- Start setting up office.
- Schedule utilities to be turned on.
- Hire and train office personnel.
- Establish petty cash fund.
- Prepare a press release and begin advertisement.
- Mail announcement.
- Plan an open house.