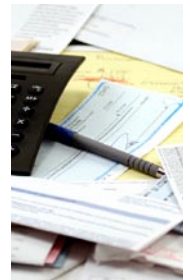
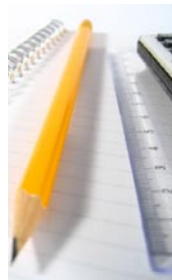




## Guide 1:

# So You Want To Be An Entrepreneur?



# Guide 1: So You Want to Be an Entrepreneur?

## ■ INTRODUCTION

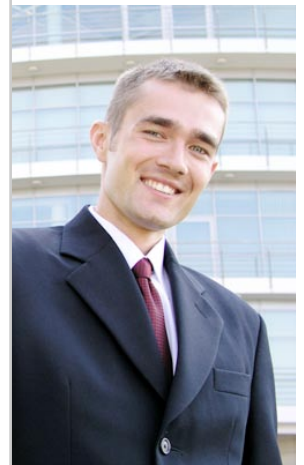
Welcome to the Citibank Small Business information guide series. This is one of ten guides that have been developed just for you, a person who is thinking about starting a small business or who has made the commitment to start one. It is targeted to people who are considering starting a small business as well as small business owners who want to learn more about successful strategies and skills. Citibank worked with a team of small business owners like you to develop, write, and produce this series. All of us know how important it is to have clear, concise information to make smart business decisions. Our goal is to share experiences about the dynamic, exciting small business community.

## ■ Overview

This first guide in the series provides an overview of the field of entrepreneurship and how you potentially fit into this field. You will quickly find that becoming an entrepreneur is all about decisions. As you look at yourself in the business mirror, have you carefully considered the practical realities and responsibilities of having your own business?

Entrepreneurship is open to all individuals without preference to class, sex, race, creed or nationality. Men and women from all walks of life, all ages, and all countries have created innovative, successful businesses! Where do you fit into this picture? There are no barriers – careful thought and planning is required no matter who you are or what you want to start.

How do you decide if an entrepreneurial experience is best for you? You've probably begun to explore and learn more about the personal, economic, and legal parameters of starting a new business. Along with that research, you should carefully review the pros and cons of having a career as an employee in a corporation as opposed to a career as the owner/manager of a new, small, and perhaps, struggling business. In today's job market, is there any such thing as a stable career?



**It's important to have clear, concise information to make smart business decisions.**



The U.S. entrepreneurial landscape exhibits some very strong positive characteristics:

- The culture of the United States is one of seeking opportunities and taking risks.
- The age group most active in entrepreneurial activity in the United States includes people between 25 and 34 years of age with a broad variety of ethnic backgrounds. The U.S. diversity contributes positively and significantly to continuing and expanding the country's entrepreneurial tradition. (2003 Global Entrepreneurial Monitor Report)
- One out of every nine people (about 11% of the U.S. population) is involved in entrepreneurship - either currently involved in the start-up of such an enterprise or has been within the preceding 47 months. (2003 Global Entrepreneurial Monitor Report)

The U.S. Small Business Administration looks at “small business as the engine of economic growth.” Consider these recent statistics.

- There are approximately 25 million small businesses in the country. More than 10.5 million Americans are self-employed.
- Small businesses currently employ more than half of the country's workforce and account for more than half of the private sector economic output.
- Small businesses provide approximately 75 percent of the new jobs added to the economy.

Nevertheless, small businesses are not guaranteed to survive. This Guide is designed to help you do the “homework” that is essential to increase the odds that your business will survive — and thrive!

**So You Want to be an Entrepreneur?** will guide you through many questions and many ways to assess whether or not entrepreneurship is right for you. You will be encouraged to weigh your motives, your talents, and your skills.



**There are about  
25 million small  
businesses across  
the United States.**

In this Guide, we will address the following questions.

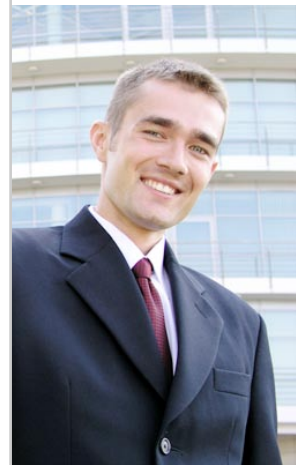
- I. What is entrepreneurship?
- II. Do I have what it takes to be an entrepreneur?
- III. How can I get started?

## I. What Is Entrepreneurship?

Entrepreneurship is the process of organizing, managing, and assuming the risks and rewards of a business or enterprise. Most people see entrepreneurship as the opportunity to pursue the dream of working for themselves. For many, it's not always about the money, but rather, about the passion and the challenge. Do you have that drive?

Consider the following quotes about business success. What are these mentors trying to tell us?

- "The only place where success comes before work is in the dictionary."  
- Vidal Sassoon
- "The only things that evolve by themselves in an organization are disorder, friction, and malperformance." - Peter Drucker
- "I promoted myself. I had to make my own opportunity! But I made it! Don't sit down and wait for the opportunities to come." - Sarah Breedlove Walker
- "Business is never so healthy as when, like a chicken, it must do a certain amount of scratching for what it gets." - Henry Ford
- "Let all your things have their places; let each part of your business have its time." - Benjamin Franklin



**Most people see entrepreneurship as the chance to work for themselves.**

The concept of entrepreneurship is “big” and involves many detailed concepts. Let’s look closer at the concept of entrepreneurship to be sure we understand its scale. Consider the following characteristics of entrepreneurship. Place a checkmark (✓) next to the characteristic, if you agree.

✓	Entrepreneurship
	Is action-oriented, most often associated with the start of a new business or venture
	Involves calculated risks
	Involves much planning
	Starts small and grows

Let’s review these characteristics.

#### Entrepreneurship:

- ✓ **Is action-oriented.** The key word in this characteristic is “action”; something is always moving. Owning a start-up most likely means managing it as well, at least at the beginning. The management concept means many things: making sure your business runs smoothly and efficiently; finding a market for your product; meeting the changing demands of your product in the marketplace; having in place the necessary operations to allow your business to operate successfully; and maintaining a productive and efficient workforce.
  
- ✓ **Involves calculated risks.** The key word in this characteristic is “calculated”. There is risk involved in every business. You can do preparation to make sure you minimize risk as much as possible but sometimes, you get surprises, both positive and negative. However, someone must take responsibility for the decisions. That person is you. The more planning you do, the more you can minimize risk and increase the likelihood of success.



**Calculated risks exist in every business venture; the key is to minimize risk.**

One of the challenges in starting a business is financing. It takes money to start and maintain a business, whether it is a one-person operation or a larger operation. It is not easy to have an accurate financial estimate in the beginning. That's why it is important to plan for the unexpected; consider the calculated financial risks during the start-up time. This step is even more important if you have a family and dependents.



**The flip side of independence in your business is responsibility for every aspect of it.**

**Activity:** What are some of the other risks in starting your own business? List some of the other risks involved with starting a business and some ways to minimize those risks. Which of these risks would apply to your personal situation if you were to start a business?

Potential Risk	Ways to minimize risk

✓ **Involves much planning.** The key word in this characteristic is “planning.” Operating a successful business involves knowing how to do many things and having many skills and talents. A good piece of advice for any entrepreneur is to “do your homework” and educate yourself in every aspect of the business opportunity you want to pursue.

Having the power to set your own policies (such as working hours) and having the power to keep all the profits provides a wonderful sense of independence. While the prospect of independence is exciting, it also brings responsibilities and challenges. In the long run, if your business does poorly, you are still responsible for your business debts. It is critical to understand and accept the financial responsibilities



and legal ramifications of establishing a business before you make that final decision.

- ✓ **Starts small and grows.** The key word in this characteristic is “grows.” It takes time for a business to grow. Success does not happen overnight. Hopefully, this growth will be positive. What can you expect from the experience?

**Activity:** Starting your own business presents many challenges as well as the potential for many rewards. Make a list of the challenges and rewards that you see for yourself if you were to start your own business.

## II. Do I Have What It Takes To Be An Entrepreneur?

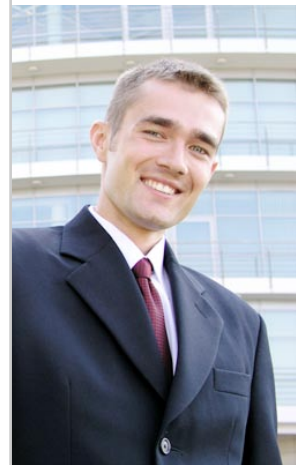
Some of the most important questions to ask about entrepreneurship are the kind that make you take a close look at yourself—your personality, your skills, and your willingness to commit to something that could demand your constant attention for many years.

First, ask yourself why you want to become an entrepreneur. Clear, honest answers to this question will help you determine whether your personal traits, skills, and commitment match your goals.

Entrepreneurs often cite reasons like the following:

- I had an innovative idea for a new product or service.
- I had an innovative idea for improving an existing product or service.
- I saw a great opportunity and I grabbed it!

A classic innovator is Jeff Bezos, founder of Amazon, the online bookstore. Booksellers have been around forever, but selling books online? Now, that’s an innovative delivery system! Amazon.com has grown well beyond the book business and now sells a wide array of consumer goods.



**Ask yourself why you want to be an entrepreneur, and be honest.**



One of the most famous opportunity spotters was Ray Kroc. In 1954, Ray Kroc became the exclusive distributor of a five-spindled milk shake maker called the Multimixer. Hearing about the McDonald's hamburger stand in California running eight Multimixers at a time, he packed up his car and headed West. He soon began to franchise McDonald's. He was 52 years old.

Innovative ideas and opportunities are only two reasons that lead people to entrepreneurship. There are many others. Many people are determined to become their own boss. Others want the satisfaction of using their skills to improve a product; *make* the world a safer place; *improve* the human condition; or, *provide* a better future for their families and communities. Some start new businesses due to a lack of alternative job opportunities, sometimes referred to as "Necessity-Based Entrepreneurship." Consider these thoughts:

■ **Debbie Fields, founder of Mrs. Fields Cookies (Opportunity-Based Entrepreneurship)**

"The important thing is not be afraid to take a chance. Remember, the greatest failure is to not try. Once you find something you love to do, be the best at doing it."

■ **Madam C. J. Walker, creator of African-American hair care products**

"I had to make my own living and my own opportunity! But I made it! Don't sit down and wait for the opportunities to come. Get up and make them!"

**Activity:** Make your own list of reasons for becoming an entrepreneur.

Now it's time to assess whether you have what it takes to move from dreams to reality: an entrepreneur's personal traits, commitment, and skill. Complete the questionnaires on the following pages and then make a plan for addressing those areas that you need to strengthen.

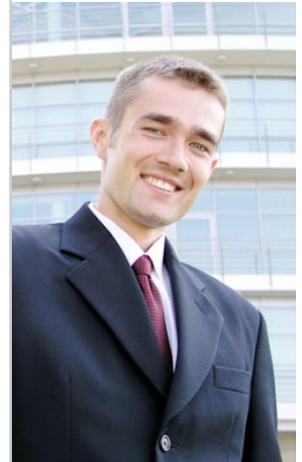


**Your personal traits, skills, and commitment are important to your business success.**



## PERSONALITY: DO I HAVE WHAT IT TAKES?

	Not Yet	Sometimes	Most Times	Always
I am passionate about my goals.				
I have a spirit of adventure.				
I have a strong need to achieve.				
I am self-confident.				
I am a self-starter. (I stay focused on my plan.)				
I am goal-oriented.				
I am innovative, creative, and versatile.				
I am persistent; I don't give up easily.				
I am hardworking and energetic.				
I am a positive thinker.				
I am willing to take initiative.				
I am able and willing to commit myself.				
<a href="http://mvp.cfee.org/en/selfassesscharacter.html">http://mvp.cfee.org/en/selfassesscharacter.html</a>				



How did you measure up? Where are your strong points? For those areas that you can't answer "Always," do you have a plan or strategy to work on achieving the needed skill set(s)?

✓	<b>COMMITMENT: DO I HAVE WHAT IT TAKES?</b>
	1. I can deal with and resolve continuing issues - each of which may increase in scope and complexity.
	2. I can be creative in resolving or dealing with issues.
	3. I am not afraid to seek professional assistance.
	4. I can multi-task. I realize and accept that there will be more work to be accomplished that time allowed and I must multi-task.
	5. I will not let setbacks get me down. I realize there will be setbacks and defeats and will face each challenge with a positive note.
	6. I will stay focused by establishing a target and keeping my eye on that target.
	7. I will stay focused on what's really important and what it will take to reach my goal.
	8. I know it will not be an easy venture; otherwise, everyone would be moving in that direction. I know it will take a blending of all of these characteristics in the right proportions to allow me to be successful in my effort.
	9. Most importantly, I will learn on the move. I will not know everything in the beginning, on the first day. I realize that despite all the planning, I know I will learn as I proceed, step-by-step.



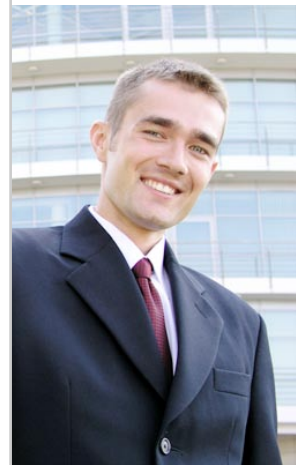
How did you measure up? Where are your strong points? For those areas that you can't answer "Always," do you have a plan or strategy to work on achieving the needed skill set(s)?

## PERSONALITY: DO I HAVE WHAT IT TAKES?

	Not Yet	Sometimes	Most Times	Always
I create To-Do lists each day.				
I complete the tasks that I assign myself.				
I do not procrastinate. I do today what needs to be done.				
I set deadlines for myself.				
I focus on work in front of me and do not get distracted.				
I finish at least one important task each day.				
I continually try to find ways to use my time more efficiently.				
I keep my workplace clear of materials except for those I am working on.				
I plan my work and execute my plan.				
I set priorities in my daily life.				
When I am at work, I think only about work.				
I can adhere to a strict schedule.				



How did you measure up? Where are your strong points? For those areas that you can't answer "Always", do you have a plan or strategy to work on achieving the needed skill set(s)?



■ "When you reach an obstacle, turn it into an opportunity. You have the choice. You can overcome and be a winner, or you can allow it to overcome you and be a loser. The choice is yours and yours alone. Refuse to throw in the towel. Go that extra mile that failures refuse to travel. It is far better to be exhausted from success than to be rested from failure."

– Mary Kay Ash, founder of Mary Kay Cosmetics

**Activity:** All of us have strengths and weaknesses in our personalities. Some of us are better suited for the demands of starting and owning our own businesses than others. Make a list of your personal strengths and weaknesses - Which personality traits would you give you an advantage in the world of entrepreneurship? Which traits may work against you?

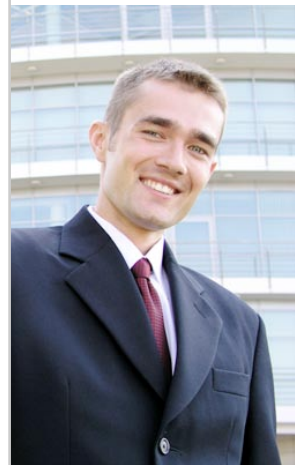
### III. How Can I Get Started?

The first step should be to make a business case for your entrepreneurial opportunity. Details and information on preparing a business plan are provided in Guide #3 but for now, put your thoughts in writing to help you determine what additional information and resources you will need. Consider such areas as the following.

- Do you have a solid idea for a business? What resources will you need to move it from abstract to concrete application?
- What role will you play in the business?
- What role will others play in your business? Will you need others?

For many, it may be as simple as defining your goals and turning them into SMART goals. The key in this strategic exercise is to be sure of your goals. It's important to have a clear vision and plan of what you want to accomplish in your venture. Simply saying that "I want to own a successful business within twelve months" does not constitute a workable plan. Consider the following focused objectives and goals:

- I will manage my own sports equipment business in twelve months with a personal net salary of \$100,000 and a staff of twenty.
- I will increase my business sales by 17% compared to last year by implementing seasonal sales on a quarterly basic in both local and regional media venues.



**S** = **Specific**

**M** = **Measurable**

**A** = **Attainable**

**R** = **Realistic**

**T** = **Timely**

So what is a SMART goal? You might find it helpful to apply the following questions while in the process of exploring your business ideas:

1. **Specific** – What will I be attempting to accomplish specifically in my business?
2. **Measurable** – How will I measure my success? How will I know I have succeeded in my goal?
3. **Attainable** – Have I set an attainable goal? What commitment will be required to attain that goal? Am I willing to make that commitment?
4. **Realistic** – Is this goal within my reach or beyond my reach?
5. **Timely** – Is this a good time in my career and my life to start this business? Is it a good time to hit the market with this business idea?

Setting goals for your business is a necessary and invigorating process. Write your goals down and continue to review and revise them as often as necessary. Seeing your plans “in writing” gives a sense of reality to your entrepreneurial goal.

**Activity:** Write down your goals for your business and apply the SMART process to each one. After the exercise, what did you find out? Did you revise some of your goals after applying the SMART process to them?

Be sure to take the necessary time to become immersed in content about starting a new business, as well as content specifically related to the industry that you want to enter. Just as you have had your entrepreneurial dream for a long time, turning that dream into reality will take time.

The following are good places to start in terms of increasing your knowledge about the field you may want to get into.

- **Consider** professionals at your local financial institutions that are available to provide financial advice tailored to your business needs, as well as financing for your business.
- **Consider** government agencies such as the Small Business Administration (SBA) that provide financial assistance for individuals to expand their business. The agency sponsors workshops, seminars, publications, and newsletters on the various aspects of operating a small business. Check out <http://www.sba.org> for their range of services, as well as the SBDC (Small Business Development Center) at <http://www.sba.org/sbdc>.
- **Consider** opportunities provided by the local chamber of commerce. These might include mentorship, newsletters, online advice, etc.
- **Consider** the availability of organizations such as SCORE (Service Corps of Retired Executives). This is a non-profit association “dedicated to encouraging the formation, growth, and success of small business nationwide through counseling and mentor programs.” Check out <http://www.score.org> for available services.



**Analyze each new business idea using the SMART questions.**

- **Consider** your local library. Locate the entrepreneurial/small business section and take advantage of the many publications offered.

## ■ Summary

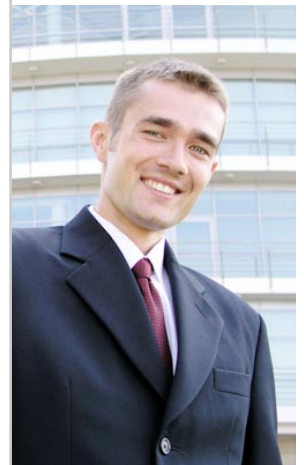
This first guide has provided an overview on entrepreneurship and how you might explore whether entrepreneurship is for you. Entrepreneurship is open to all individuals without preference to class, sex, race, creed or nationality, and men and women from all walks of life, all ages, and all countries. It is an endeavor that involves a lot of planning, risks, challenges and potential rewards.

This guide explored innovation as a component of entrepreneurship and some of the more famous entrepreneurs of past history. Do you have what it takes to be an entrepreneur? It is very important to take a personal inventory of the various skill sets involved in starting and running a business. Do you have the personality the commitment, and the time management and organizational skills to start and manage your own business?

If you feel you have the personality and skill sets to be successful, we covered some steps on how to get started. For the business ideas you've generated, analyze each one using the SMART questions. This exercise may reveal some new ideas and information to you as you move through the process of exploring entrepreneurship. Educating yourself on the industry in which you wish to start your business is very important. Be sure to tap into the suggested resources as well as those given in the Additional Resources section of the guide.

## IV. So, What's Next?

We hope this guide has been helpful. Next, in **Guide 2**, you will explore the steps involved in **Developing Your Small Business Idea** and learn about the process of identifying opportunities and taking advantage of them. Be sure to review and use the other guides in this series as you continue your exploration of entrepreneurship.





## V. Glossary

### **Business**

all activity connected with the production of goods or services to the public for a profit

### **Entrepreneur**

a person who sets up a new business

### **Innovation**

a new idea, method, or device

### **Necessity-Based Entrepreneurship**

establishing a business because of the lack of alternative job opportunities

### **Opportunity**

a favorable circumstance

### **Opportunity-Based Entrepreneurship**

establishing a business to improve existing economic opportunity

### **Profit**

revenue minus costs; the money earned by providing customers with a product or service

### **Risk**

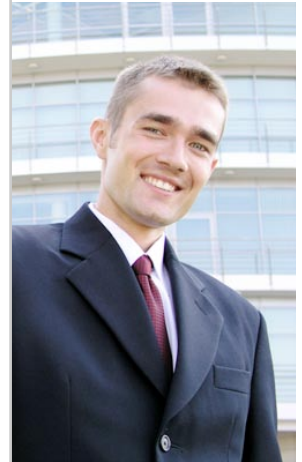
the possibility of loss

### **Time Management**

process of taking control of your time to maximize efficiency and effectiveness

### **Venture**

a new business



## VI. Additional Resources

Every day, there are new business opportunities and events that affect the business climate or business strategies. These print and online resources can keep you well-informed.

### Websites

#### American Marketing Association

Industry reports, detailed dictionary of marketing terms, and educational resources  
<http://www.marketingpower.com>

#### Association for Enterprise Opportunity (AEO)

The national association of organizations committed to microenterprise development  
<http://www.microenterpriseworks.org>

#### Business Week magazine

<http://www.businessweek.com>

#### Citibank

Experienced small business advisors and custom financial resources for cash management, credit card processing, investment, and more; locate offices and learn about business strategies and programs  
<http://www.citibank.com/us/citibusiness>

#### Dun & Bradstreet credit reporting company

<http://www.dnb.com> or 1-800-234-3867

#### eBay

Information about how to set up an online business  
<http://www.ebay.com>

#### Entrepreneur magazine

Online resources, plus small-business blog  
<http://www.entrepreneur.com>

#### Export-Import Bank of the United States

Provides information and training to promote international trade by small business  
<http://www.exim.gov/products/special/smallbus.html>

#### Fast Company magazine and its Small Business Intelligence Center

Offers a variety of articles, resources, and tools  
<http://www.fastcompany.com>

#### FORBES magazine

<http://www.forbes.com>

#### FORTUNE Small Business

<http://www.fortune.com/fsb>

#### INC Magazine

The daily resource for entrepreneurs  
<http://www.inc.com>

#### Kauffman Foundation

Encourages entrepreneurship across America and improves the education of children and youth by focusing its operations and grantmaking on entrepreneurship and education  
<http://www.kauffman.org>

The trusted guide for entrepreneurs on the path to high growth

<http://www.eventuring.org/>

#### National Association for the Self-Employed (NASE)

Supporting the needs of micro-business and the self-employed  
<http://www.nase.org>

#### National Association of Women Business Owners (NAWBO)

Networking and support, education programs, and more  
<http://www.nawbo.org>



### **National Business Association**

A not-for-profit association, specifically designed and actively managed to assist the Self-Employed and Small Business Community in achieving their professional goals

<http://www.nationalbusiness.org>

### **Online Women's Business Center**

Helps women to achieve their dreams and improve their communities by helping them start and run successful businesses

<http://www.onlinewbc.gov>

### **Service Corps of Retired Executives (SCORE)**

An organization of volunteers who provide free online and in-person education for small businesses

<http://www.score.org>

### **Small Business Administration**

Strives to maintain and strengthen the nation's economy by aiding, counseling, assisting and protecting the interests of small businesses and by helping families and businesses recover from national disasters.

<http://www.sba.gov> and

<http://www.sba.gov/sbdc/>

### **Society for Hispanic Professionals**

A unique source of opportunity in professional development, educational services, and personal fulfillment for Hispanics

<http://www.nshp.org>

### **U.S. Department of Labor**

The Department of Labor fosters and promotes the welfare of the job seekers, wage earners, and retirees of the United States.

<http://www.dol.gov>

### **U.S. Patent and Trademark Office**

Promotes the progress of science and the useful arts by securing for limited times to inventors the exclusive right to their respective discoveries

<http://www.uspto.gov/>

### **Young Presidents Club**

An educational organization aimed at providing better leadership through education and friendship

<http://www.ypo.org/learning.html>

### **The Wall Street Journal Center for Entrepreneurs**

Contains current stories and extensive resources on trends that affect you and your business

<http://www.startupjournal.com/>

### **Publications**

Minniti, Maria and William D. Bygrave. 2004.

**National Entrepreneurship Assessment - United States of America, 2003 Executive Report.** Babson College and the Kauffman Foundation.

Mandel, Stan, August 2004. "Educating the Successful Entrepreneur," ViewPoint.



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