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EC90-438 Do Your Have What it Takes to be an Entrepreneur?

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Do You Have What It Takes To Be An Entrepreneur?

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DO YOU HAVE WHAT IT TAKES TO BE AN ENTREPRENEUR?

Cherly Burkhardt-Kriesel and Kathy Prochaska-Cue

"An entrepreneur is a person who organizes and manages a business undertaking; a person who assumes risk for the sake of profit."

Does this sound like something you would like to do? Not quite sure? To find out you first need to take a closer look at who you are and why you want to develop a business.

What Are Your Goals?

Take a few minutes and write down your reasons for wanting to start a business. Is it for a source of independence? Financial security? Freedom to do what you want to do?

Now take a good hard look at the goals. Ask yourself if starting a business is the *best* way to achieve what you really want.

What Do You Bring to the Business?

Once you've established your goals you may wonder whether you will be successful. Operating a business takes certain skills and personal qualities. Everyone brings to the workplace a particular package of talents and experiences.

A personal self-assessment may be very helpful to the beginning entrepreneur. Evaluate your past jobs, volunteer work, positions in organizations and personality traits. You may have more talent and expertise than you realize!

On a separate sheet of paper list your experiences and qualifications under each of these headings.

Organizations and planning: setting and following through on goals, time commitments, and work schedules.

Handling money: determining budgets, securing loans, raising funds, keeping financial records, and completing income tax forms.

Selling ideas and products: determining sales quotas and projections; presenting projects for committee organizations and/or administrative groups; and direct selling to customers or clientele.

Management: handling the management or a part of it for a small business or agency, serving as director or major officer of an organization.

Working with people: arbitrating between people with opposing views when situation requires this;

organizing and planning large public events; assuming officer or executive secretary positions in an organization, and/or handling complaints for an organization or company.

Ability to take risks: taking of moderate, calculated risks in varied situations. Situations where the chance of winning was not so small as to be a "gamble" or so large as to be a "sure thing." Situations where there was a reasonable and challenging chance of success.

Willingness to lead and work alone: handling situations requiring you to be self-disciplined, which were ambiguous and full of uncertainty as to the job requirements, and those requiring you to be efficient in the midst of an emergency or crises.

Personality traits: taking the initiative in situations requiring it, or in those where you were expected to accept and accomplish more than your share of the work. Indicating your willingness to establish high standards of performance and to compete with yourself in other situations. A healthy mix of creativity, intuition and flexibility on one hand with a systematic, detail-oriented and concreteness on the other, is one found in successful entrepreneurs.

Knowledge and/or skill: in the service offered by your business or in producing your product.

Not all of the above experiences are necessary for every business. Few people, if any, are experts in everything. Additional knowledge or skill can be learned or bought. However, you should be able to honestly assess your strengths and weaknesses before you decide whether you can spend the time to learn what you need to know or if you can afford to hire someone to do it.

Are You the "Entrepreneurial Type"?

Several studies suggest that there are certain personality characteristics that successful business people seem to have in common. Listed on the next page are a variety of situations. Indicate how you would respond.

Who is Involved?

It is common for a new business to consume a very large amount of a person's time, energy and money, especially in the start-up stage. Seldom does the individual work in isolation. Usually he/she is a part of a family. Balancing the responsibilities of work and family are critical for the entrepreneur. Often family

members are actively involved in the business. The distinction between family time and business time can become cloudy. It takes a conscious effort to establish priorities and manage time so that neither the business nor the family are neglected.

The key ingredient in successful family business ventures is communication. In the start-up stage, everyone needs to know how the business will effect the family. Concerns about family care needs and time schedules should be discussed. This can help to set the stage for a positive attitude toward the new venture. Once the business is established the family may find themselves dealing with situations calling for flexibility and compromise. It is not uncommon for priorities to shift as families try to balance work and family obligations.

The following suggestions are a few ways that families might accommodate both business and family demands.

—Start when the children are older, or before you decide to have children, or operate part time while the children are very young.

—Locate your business in or very near your home.

—Involve older children in the business.

—Allow time for family vacations, and limit business activities on weekends or on a specified day of the week.

—Use time management skills to eliminate wasted time.

—Share home responsibilities with your spouse or hire help.

ENTREPRENEURIAL TEST

1. Would it annoy you as an employee if your fellow workers insisted that you "take it easy"?

yes _____ no _____

2. Would you be concerned if your supervisor or employer was careless and inefficient in his or her work?

yes _____ no _____

3. Do you frequently get ideas as to how products or work methods could be improved?

yes _____ no _____

4. Do you like to experiment with new ideas or devices?

yes _____ no _____

5. Would you prefer to be introduced to people as a local business owner rather than as an executive of a well-known corporation?

yes _____ no _____

6. Do you study the odds in your favor before taking a chance or risk on some matter of importance?

yes _____ no _____

7. In the past have you been willing to sacrifice and wait for something you really wanted?

yes _____ no _____

8. If you were offered a choice between a guaranteed income for twenty-five years (or until you reached the age of sixty-five) with compulsory retirement at that time or an uncertain income for life that might vary enough from bare living essentials to a comfortable level depending upon your own efforts, would you choose the potentially larger but uncertain income?

yes _____ no _____

9. If you want to do something of importance but learn that you will need two years of additional training and other preparation, will you make the necessary effort and wait until you are adequately prepared?

yes _____ no _____

10. Do you feel less certain that you could hold a job under unfavorable economic conditions than that you could manage to hold on to customers of a business of your own under similar conditions?

yes _____ no _____

11. Is it unimportant to you to limit your working time to an average workweek unless you are paid at a higher rate for overtime?

yes _____ no _____

12. Would you prefer to meet the competition of other firms seeking your customers rather than the competition of fellow employees seeking promotion?

yes _____ no _____

13. Does it annoy you to have an idea for some improvement but to be unable to put your idea to a test?

yes _____ no _____

14. Does it annoy you to leave a job or project before you have a chance to complete it?

yes _____ no _____

15. Do you prefer to do all the work on an undertaking so as to get all the credit for yourself rather than to let others help you if they will share in the rewards?

yes _____ no _____

16. Does it annoy you to work under close supervision and pressure to get work out on time?

yes _____ no _____

17. Do you like to participate in undertakings intended to improve your community?

yes _____ no _____

18. Do you manage your own or your family's finances so as to live within your income and do some saving?

yes _____ no _____

19. Are you willing to borrow money when you think you can gain by doing so?

yes _____ no _____

20. Are you willing to take a large risk for even greater gains when the odds are only slightly in your favor?

yes _____ no _____

21. Is it easy for you to make important decisions promptly?

yes _____ no _____

22. Do you do things you think should be done without waiting for someone to urge you to do them?

yes _____ no _____

23. Do you keep records of your income and expenditures?

yes _____ no _____

24. Do you have a strong desire to be independent?

yes _____ no _____

If you answered "Yes" to most of these questions, you would probably be happier being in business for yourself than working for someone else. If questions 6, 7, 9, 18, 19, 20, 21, 23, and 24 were answered "Yes," you should have an excellent chance to make a financial success of your business.

You Make the Choice!

Many small business owners have recognized advantages and disadvantages of being in business for themselves. It may help you in making your decision to first review the items listed below. Do the disadvantages look overwhelming to you or are they just normal challenges? Do the advantages match your short term/long term goals? Only you can make the choice.

Advantages:

- Independence
- Personal growth
- Prestige and recognition if you succeed
- Personal and financial rewards
- Flexible working hours
- Working in your area of interest
- Making your own decisions
- Meeting new people
- Investing in your own future

Disadvantages:

- Financial risk
- Loss of employee fringe benefits
- Heavy responsibilities
- Interference with family/social activities
- Long hours of hard work
- Initial income is often limited
- Work space may be cramped or inadequate
- Little opportunity to delegate tasks
- High potential for failure

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