

## IN THIS CHAPTER

- » Understanding what entrepreneurship really means
- » Discovering the many types of entrepreneurs
- » Deciding to become an entrepreneur

# Chapter 1

# Understanding Entrepreneurship

The term *entrepreneur* has become so much a part of everyday usage that some of the key attributes that define an entrepreneur have been worn away. The faces of entrepreneurs have become familiar to us, as they host podcasts and show us how it's done on YouTube and TikTok.

It's not surprising then that entrepreneurs come in an amazing variety of types and styles. And they *are* a unique breed. The ventures they create disrupt the market. That's because entrepreneurs change the way you and I do things — usually for the better.

For example, Heather Ward, founder of Hyperion Global Energy in Ottawa, Canada, led the development of a modular system that captures CO<sub>2</sub> from the smokestack emissions of heavy industry and uses the carbon to make materials. She and other *cleantech* entrepreneurs are one example of those who are taking on big, difficult problems that most believe can't easily be solved.

Any problem, even the most complex, can be broken into chunks, each one a smaller problem that may be easier to tackle. What you choose to tackle will depend on your reason for wanting to become an entrepreneur. We talk about that a bit later in this chapter.

# Anyone Can Become an Entrepreneur

Now that's a bold statement. Anyone can become an entrepreneur? Yes, it's true, if they have the right mindset and certain traits that are common to entrepreneurs. Who exactly are these people at the center of *entrepreneurship*? In simple terms, an entrepreneur is someone who creates a new opportunity in the world of business and assembles the resources necessary — money, people, technology, and materials — to successfully exploit that opportunity. This admittedly is a broad definition that encompasses the different kinds of entrepreneurial ventures and many perspectives on entrepreneurship.

The growth in the number of entrepreneurs is a sign of changing times. In 2016, 25 million Americans were starting or running their own businesses. By 2019, 28 percent of American workers were engaged in some form of self-employment. Moreover, 83 percent of business owners started their companies from scratch. The United States is home to 8 million minority-owned businesses and 11.9 million small businesses owned by women.

Interestingly enough, the United States is not growing the fastest in number of small businesses. The country with the fastest growth rate, the Dominican Republic, has ten adults start a new business for every adult who owns an existing business. This is a common pattern in smaller countries, where jobs are few and entrepreneurship is the most promising road out of poverty. We do know that about 70 percent of entrepreneurs went to college, but that means that about 30 percent did not — which is still a sizeable number. Those who did not go to college likely found a way to take some business courses, maybe online, to help them understand the critical thinking, finance, management, and marketing sides of the business so they would be better prepared to run their companies.

## Recognizing an Entrepreneurial Venture

People sometimes think of entrepreneurs only as big risk takers and shake-up-the-market types. For example, they look at what Uber did for the personal transportation industry. Uber's initial offering was ride hailing, but based on their success with that service they went on to offer food delivery, package delivery, couriers, and freight transportation. Uber found its opportunity at the intersection of smartphones, app stores, and customers' desire for on-demand work as part of the growing gig economy, something we talk about later.

It is also true that entrepreneurs invest in making improvements on products and services we're familiar with, from quick-service food to in-the-home health services. Entrepreneurs recognize customers' pain, and they know these pain points are associated with a compelling problem that is solvable. They know that if they can solve that big problem and take away that pain, the customer will be willing to pay a premium to get the solution. By identifying the solution for a problem where a real need exists, entrepreneurs can differentiate their solution from competitors' solutions and prioritize the resources they need to launch their business. Then, if they can move fast and run the business right (running it right is key), they can gain a foothold in the market niche, well before they have to go head-to-head with much bigger competitors.



REMEMBER

The bottom line is entrepreneurs are ordinary people who do extraordinary things. They take everyday ideas and give them some magic. You don't need a lot of experience or resources to be an entrepreneur. You do need passion, persistence, and a creative mind. You have to believe you can solve a problem like no one else.



CASE STUDY

That was certainly the attitude of the founding CEO of Uber, Travis Kalanick. However, an effective leader of a new company must also display a bit of humility and realize that no matter who they are, they didn't get to where they are without the help and guidance of others. Every entrepreneurial venture has stakeholders — investors, partners, employees, board members, and customers — and those stakeholders need to be heard. It often happens that once a startup becomes a big company very fast, the founding CEO no longer has the skills required to effectively run that larger company and is asked to step aside in favor of professional management with more experience. In the case of Uber, we have a wildly successful startup whose founder almost destroyed the company to feed his ego. His lack of professional management skills nearly took the company down. Check out the excellent documentary film on Uber, *Super Pumped: The Battle for Uber*, which is on Netflix and is based on a book by the same name.

Entrepreneurs are as human as anyone else. If your goal is as ambitious as to build “the next Uber,” make sure you ask yourself why. Your reasons will be a clue to whether you can actually go the distance and keep your eyes on building a sustainable company for the long term and for the employees you need to help you get there. Uber is a great example of disruptive entrepreneurship. It is also an example of how even the best new ventures can implode when the needs of the stakeholders are not addressed.

## CHECK YOUR ENTREPRENEURIAL INSTINCTS

Take this little quiz to see if you have the right stuff to become an entrepreneur. But don't take the results too seriously. I assure you that your answers will not determine whether you can succeed as an entrepreneur, but they may help you decide if entrepreneurship is right for you. The choices provided are the most common answers given by entrepreneurs in general.

- 1.** Are you:
  - Married or in a committed relationship?
  - Single?
  - Widowed?
  - Divorced?
- 2.** Are you:
  - Male?
  - Female?
- 3.** Why do you want to start a business?
  - To make a lot of money
  - To be independent
  - To give yourself a job
  - To gain power
  - To become famous
- 4.** How comfortable are you with uncertainty?
  - Very comfortable
  - Somewhat comfortable
  - Not comfortable
- 5.** To become successful as an entrepreneur, what will you need?
  - Money
  - Luck
  - Hard work
  - A good idea
  - All of the above

**6.** Concerning your willingness to take risk, are you:

- A high risk taker
- A moderate risk taker
- One who avoids risk

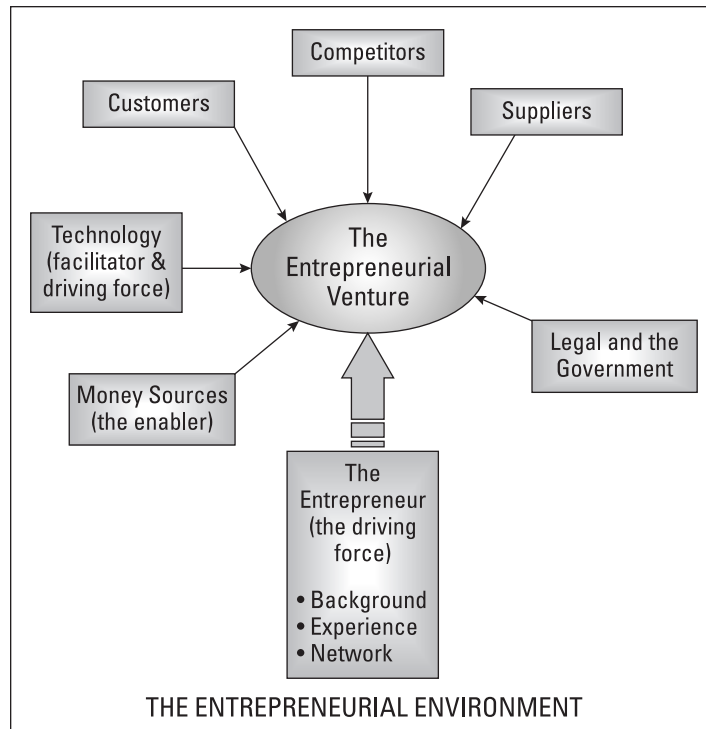
Answers

- 1.** The most common response is married. This doesn't mean that all entrepreneurs are married when they start their businesses or stay married for the duration. Most entrepreneurs are married or in a committed relationship by the time they start a venture, possibly because having a working spouse gives them a steady income while they're risking time and capital starting a new venture. However, these days, you notice growing numbers of single entrepreneurs starting dot-com ventures while still in their teens.
- 2.** It still is true that more men start new ventures than women, but that dynamic is changing. Women are starting businesses at a much faster rate than men, typically while they're in their 20s before they get married and start families or after their children are grown.
- 3.** The common reason entrepreneurs give for wanting to start a business is to be independent. For most entrepreneurs, money is a by-product of operating a venture they are passionate about. However, money does motivate a certain class of entrepreneurs. When the media touts the riches of successful entrepreneurs, people may get the impression that entrepreneurship is a means to quickly create wealth. But if there ever was the allure of quick riches, it is vanishing. Even among venture capitalists, the focus is shifting to non-Internet technology companies that create new value and make a profit in about three years.
- 4.** Most entrepreneurs are comfortable with uncertainty, because they understand intuitively that uncertainty brings opportunity with it. In general, people who must have a high degree of predictability in their lives are uncomfortable in the world of the entrepreneur.
- 5.** To be successful as an entrepreneur, you probably need a little of all these things — money, luck, hard work (you need lots of that), and a good idea. Entrepreneurs will tell you, however, that they make their own luck by taking calculated risks and building a network of contacts.
- 6.** Entrepreneurs are neither high risk takers nor do they avoid risk. They are moderate or calculated risk takers. They manage risk and make decisions based on what they believe their chances of success to be. Entrepreneurship is inherently risky, but so is driving a car and most everything else we do in life that has any significance. Entrepreneurs are typically better at judging risk and finding ways to manage it.

# Understanding the Entrepreneurial Ecosystem

Entrepreneurial ventures are complex creatures. They have numerous parts, and the parts interact in a variety of ways. Look at Figure 1-1 to see all the major components of the entrepreneurial environment. Take a closer look at each of the parts:

- » **The Entrepreneur:** Though just one component, the entrepreneur is the driving force and coordinator of all the activities, resources, and people that need to be brought together to start a new venture. The entrepreneur's passion and vision give life to the business. The entrepreneur brings to the business experience, education, skills, a value system, and a network of people to rely on for help in getting the business started.
- » **Legal, Government:** Entrepreneurs conduct their business in a regulatory environment as prescribed by federal, state, and municipal laws, including the legal form of the venture (see Chapter 15) to the intellectual property it develops (see Chapter 8), to the contracts it writes, and to the employees it hires. Government — federal, state, and local — adds regulations to the mix in the form of taxes, fees, tariffs, and penalties for non-compliance.
- » **Suppliers:** Suppliers provide, among many other things, inventory, raw materials, parts, and even labor. Suppliers also help finance the new business by supplying lines of credit and extending payment periods.
- » **Competitors:** Competitors help determine if the market is hostile or friendly to the new venture. They have a huge impact on pricing, marketing strategy, and distribution-channel strategy.
- » **Customers:** Customers are the lifeblood of the business — without them, no business can exist. Customers influence everything the business does, from creating demand for the development of new products and services, to influencing market strategies, to improving support services, and to optimizing the quality of customer service.
- » **Technology:** Only a few years ago, no one described technology as a facilitator and driving force of an entrepreneurial venture. But now, technology is a prime facilitator of business processes, creating efficiencies and capabilities that businesses never experienced before. Think about it: How many businesses 15 years ago expected to be conducting some or all of their business on the Internet today?



**FIGURE 1-1:**  
The  
entrepreneurial  
venture.

» **Money:** For most entrepreneurial ventures, money is the enabler. When all the other components of a successful business concept are in place — customer, value proposition, product/service, and distribution (you find out about these in Chapter 4) — then money comes into play as a resource that makes everything happen. Some entrepreneurial ventures, like those in biotechnology where product development times are long and costly, are naturally driven by money. Without sufficient capital, you can't survive the research and development phase long enough to bring the technology to market.

## Distinguishing Entrepreneurial Ventures from Small Businesses and Why That Matters

As this chapter begins, I suggest that many small, startup ventures are likely to be called *entrepreneurial* even if they aren't. Let's face it, nearly every new business starts small, so physical size alone doesn't separate entrepreneurs from

businesspeople who simply want to start a business to support a lifestyle. The differences lie much deeper. In general, people who start entrepreneurial ventures are

- » **Driven by opportunity.** Entrepreneurs see opportunities where others don't. They strive to satisfy a need that is not being served or create a new product or technology that changes the way things are done.
- » **Focused on innovation.** Entrepreneurs are creative and find ways to innovate in every aspect of their business, from the product or service to marketing and distribution, to the business model or way they make money.
- » **Determined to create new value by shaking up the marketplace.** Entrepreneurs change the economic environment of the marketplace they enter. One example: Instead of pulling trained workers from other businesses, entrepreneurs are inclined to create entirely new jobs and new opportunities. They add value that didn't exist.
- » **Determined to grow.** Entrepreneurs seek to grow their businesses and exploit opportunity to the fullest.

By comparison, people who start small *lifestyle businesses* generally do so to provide a job for themselves and family members, and that is the scope of their business aspiration. These businesses tend to remain small and are focused on serving a local community. The corner shoe repair shop, the pizza parlor, consultants in business for themselves, and the local manufacturer of rebuilt engines are examples of small, lifestyle businesses. Although such businesses represent most of all businesses in the United States, they are not the prime source of new jobs in the economy. Entrepreneurs generate the new jobs that we need for the economy to grow.

So, you need to decide what kind of business you want to start, because that decision will affect all the other decisions you'll need to make. If you plan to build a rapidly growing enterprise reaching a global market, you'll set different goals and make different decisions than if you want to confine your activity to your community. Both are worthy goals.

## Considering the Many Ways to Be an Entrepreneur

If anyone tells you that all entrepreneurs take risks, that all entrepreneurs are optimists, that all entrepreneurs are egotistical, such opinions don't hold water. No one set of traits defines all entrepreneurs. You can find a variety of entrepreneurial types in the marketplace — they are as diverse a group of people as you'll

ever see. But they do have a few things in common. For example, surveys find that virtually all entrepreneurs have cofounders. Starting a business is a lot of work, so it's best to share the load. I talk about teams and how to create them in Chapter 9.

In the following sections of this chapter, you find out about the many ways to become an entrepreneur.

## The home-based entrepreneur

More than 15 million people are involved in home-based businesses. Why is starting a business from home so popular? Here are some reasons:

- » Because of technology, in particular the Internet, people can run their business from anywhere just by going online.
- » Because more resources are available to entrepreneurial businesses than ever before. Websites like Quora.com, AngelList.com, StartupCompanyLawyer.com, and AllBusiness.com are rich sources for answers to your questions such as how to find an angel investor, or get legal advice as a small business owner.
- » Because tax laws have grown friendlier to home-based businesses. On your personal tax return, you can deduct costs of running your home in proportion to the square footage devoted to the business (your home office), along with all of your other business expenses. Your home office must be dedicated to business and not have distractions like a big screen TV.



CASE STUDY

It's not always the biggest ideas that win the day. In fact, your home-based business could be started based on your success in something as unusual as a spelling bee competition. That's what happened to high school junior Cole Shafer-Ray, a three-time Scripps National Spelling Bee participant and 2015 runner-up. Shafer-Ray spotted an opportunity to turn his spelling superpower into a business of coaching other students how to outsmart the competition. Apparently, he discovered a real need because his clients are willing to pay him \$100 an hour and they usually get coached twice a week via Skype. Not only that, he has a waiting list of more than 400 clients.

It sure beats the usual minimum-wage jobs that high school kids typically have.

Like any good entrepreneur, Shafer-Ray has a website, [spellingchamp.com](http://spellingchamp.com), where he sells lists of words used in major competitions with strategies for how to remember them. Some of his lists sell for \$200 to \$300 each. In this way, he can reach out to potential customers who aren't looking for one-on-one coaching.

His most prized product, which is not for sale, is his *Master List*, which contains 97.18 percent of the surprise words from the Scripps National Spelling Bee. In compiling the list, he calculated the statistical probability it would contain words from the national competition. He has been offered thousands of dollars for the list, but he refuses to sell because it would hurt the very competition that had been so good to him. Now that's an entrepreneur who operates from a set of values, not just the lure of financial reward.

## The Internet entrepreneur

The Internet has given rise to a new kind of entrepreneur, the Internet entrepreneur. These businesses have no traditional, bricks-and-mortar locations for customers to visit. Like Amazon.com, some may have employees, offices, and warehouse space, but their only contact with customers occurs on the Internet. Some Internet entrepreneurs do everything online — work with strategic partners, employ experts, develop products, and deliver the goods to customers.



CASE STUDY

Carley Roney wouldn't go through her 1993 wedding again for anything — that is, unless she had the benefit of her own company, The Knot Inc. Planning her own nuptials, Roney quickly realized that the fairy-tale wedding preparations portrayed in bridal magazines don't paint an accurate picture of what most brides-to-be experience. Roney wanted to solve that problem. She came up with an Internet-based solution to the real problems people face when planning weddings. She calls her website TheKnot.com, and it has become the go-to source of information and ideas for anything related to tying the knot.

In 1996, Roney and her spouse presented their concept to America Online (AOL). The first round of seed money arrived shortly thereafter, and the business has provided an exciting ride ever since. TheKnot.com receives more than a million first-time visitors every month. They can search for everything from wedding gowns to cakes. The site also has its own gift registry. While the company is an Internet one, Roney & Partners are doing a few things to dip their toes into the real world. They introduced a magazine, negotiated a three-book deal with a publisher, and are in discussions on a series for PBS. In 2021, they celebrated 25 years of helping more than 25 million couples plan their weddings. You can learn more about this company by visiting its website at [www.theknot.com](http://www.theknot.com).

## The serial entrepreneur

Many entrepreneurs enjoy recognizing an opportunity and turning it into a business, but they don't enjoy running a business day-to-day. They prefer, instead, to leave that job to others who are more capable. Once the business is up and running, these entrepreneurs move on to the next opportunity.



#### CASE STUDY

Sir Richard Branson is a good example of a famous serial entrepreneur. Starting with a mail delivery record service, called Virgin, which grew into a recording studio and record store, he went on to develop concepts in the space industry, Virgin Galactic, as well as the travel, Virgin Atlantic, the beverage, and the broadcasting industries. Branson lets no moss grow under his feet. More than a serial entrepreneur, he is a *multipreneur* (I just made that term up). He starts and runs multiple businesses at the same time rather than leaving one to move on to the next. Branson does have a unique strategy that has generally served him well. He owns the brand “Virgin” but holds only a small stake in many of the companies that carry his brand. He also collects millions by licensing the valuable brand for others to use.

The downside to his approach is that his money is tied up in ventures around the world and can’t be accessed like money in a bank. This became apparent during COVID-19. Because nearly all his businesses were severely impacted by the shut-downs (think aviation, cruise lines, hotels, and leisure), he couldn’t easily move money from one company to another to save jobs, for example. Although he is reportedly worth more than \$5 billion, he is asset rich and cash poor. And no one, it seems, felt sorry for him.

## The gig economy entrepreneur

The easiest way to describe this type of entrepreneur is to think of them as a free agent or independent contractor who works for themselves. You typically find these free agents participating in asset-sharing services like car sharing, parking space sharing, or equipment sharing; transportation-based services like ride-sharing, restaurant delivery, and goods delivery; professional services like coding, writing, and administrative work; and handmade goods and services. All of these free agents use digital platforms and apps to connect with potential customers and deliver their services. You are no doubt familiar with Uber and Lyft as well as Airbnb, DoorDash, and Etsy.

Those who make the most money have in-demand skills such as computer and information services, financial managers, software developers, analysts, and testers, and medical and health services administrators. Consultants also fall into this category.

Although gig work is a tiny percentage of the economy, it is growing rapidly and still offers many opportunities for new businesses. In fact, you may be surprised to learn that the highest-paying opportunities in the coming decade probably don’t exist yet. If you need to upgrade your skills, now is the time to do it so you’ll be prepared for whatever comes.

## The traditional entrepreneur

Traditional entrepreneurs build brick-and-mortar businesses to a point where they can harvest the value they create. Before the Internet and e-commerce changed the face of things, this is how entrepreneurship worked. Actually, the traditional model is still the most common, but an increasing number of these mainstream business owners reinvent their enterprises by adding an Internet component, which expands their reach considerably.



CASE STUDY

You can start a traditional storefront business from scratch, or you can buy an existing business or franchise and build from there. For some types of businesses, starting with an existing base of customers is far superior to having to attract your first customer. That's exactly what Courtney Miller did. After she married, Courtney and her husband moved to the charming coastal community of Half Moon Bay, about 40 minutes south of San Francisco. There she discovered a small high-end children's boutique called P. Cottontail and took a part-time job to learn more about the business. She fell in love with children's clothing and soon began day-dreaming about what she would do if this were her store.

As luck would have it, the owner, who had started the business in 1985, became ill and decided it was time to sell the business. This was the opportunity Courtney had been waiting for. She bought the business and was pleased that so many of P. Cottontail's original customers were happy with her plans. Fortunately, she set up an e-commerce website, which served her well during the pandemic closures. Her sales continued to climb. Besides children's clothing, her other love was holidays. She was able to acquire empty space next to her boutique and, during the 2021 holiday season, she opened a Christmas store. She intends to change out what's offered by season so that she has year-round sales. She is a young woman who knows how to take advantage of an opportunity when she sees it. As the mother of two young children, it's not always easy to manage everything. But with the support of her husband and the kids as well as her mother, who spends about a week a month helping her with tasks such as inventory, packaging, and buying trips, she has made it work. Whether she grows the company beyond her current location is a decision for another day. Right now, she has the business she always wanted, and life is good.

## The corporate entrepreneur

It may surprise you that entrepreneurs can be found inside large corporations. That, no doubt, sounds like an oxymoron; but it's true. The advantages of the entrepreneurial mindset and the lean startup approach are well known, so many large companies have looked for ways to use those approaches to gain a competitive advantage in the market. In general, corporate ventures differ from other types of projects that big companies take on in that they typically involve innovation and activities that are new to the company, so the risk of failure is quite high.

The corporate venture is typically handled by a project champion who, given the authority and appropriate resources, can test the idea and carry out an execution plan. Some companies, such as Google, encourage innovation at all levels in the company. Those ideas that meet the established criteria for selection can advance to a full-fledged company within a company.

In this book, we don't focus on the specific needs of corporate entrepreneurs, but startup activities such as recognizing opportunities, conducting feasibility analysis to test the concept, and developing a business plan for execution are the same skills and processes that take place inside large corporations.

## Considering Your Personal Goals

This chapter gives you a taste of what entrepreneurship is all about. Are you still interested? Good! It's time to introduce some of the skills you need to succeed. Remember that the one thing I can't give you is the passion, that fire in the belly, that certain something that keeps you going when all the odds appear to be against you. Entrepreneurs have it, as do great people in every profession.

If the business you plan to launch doesn't complement your personal values and goals, it won't be a source of satisfaction, and chances are, you won't be as successful as you might be in a business you care deeply about. Before starting a new business, ask yourself the following questions. They can help you know yourself better and point you toward the right match.

### Why do you want to start a business?

I know this is a deep question, but it's important and fundamental to your success as an entrepreneur. If, for example, you're thinking that starting a business provides financial security, you need to remember that most entrepreneurs take no money out of the business for the first couple of years, at least not until they can draw a salary and still leave the company with a positive cash flow (see Chapter 18 for more on cash flow). Likewise, remember that entrepreneurial wealth typically comes from appreciation in the value of the business, which also takes some time.



TIP

Do not be seduced by stories of personal wealth created by the proceeds of initial public offerings. For most businesses, building value and wealth for the founders takes hard work and time. I never recommend starting a business just to make money. Instead, start a business that you're excited about, (you'll have to spend a lot of time at the business, so you'd better at least like it), give it your best, and you'll increase your chances of creating wealth through that venture.

## **How will starting a business affect your personal life?**

If you're young and have no special responsibilities other than to yourself, you can afford to take chances that an older person may not be able to take. You can afford to fail and lose money because you have more time to start over again. By contrast, if you're starting a business at an older age when you have commitments to a home and family, you may want to look for an opportunity that gives you some flexibility with your time and is well within your risk appetite.

You also want to consider the needs of your family and the responsibilities you have in addition to those you take on when you start a business. You definitely need the support of your family, and they need to understand what starting a business is going to mean to your family life. Some people believe you can have it all — the perfect family life and a very successful business. In practice, it's difficult to make that happen. Let's not mince words. Starting a business is not a walk in the park. It's hard work. Anyone who tells you differently has probably never started a business.

## **Are you in sufficient physical shape to start a business?**

This may sound like a strange question, but it's not. A new venture demands long hours and focused effort. Are you up to it? Are you taking care of your health and getting the exercise you need to give you the stamina required to successfully launch this venture? I know too many entrepreneurs who work 14-hour days, 7 days a week just to get their new ventures to the survival stage. That kind of work is stressful and requires that you take care of your health — eat healthy foods, not fast foods, cut down on alcohol, exercise daily, and get a good night's sleep. Otherwise, you may not be able to enjoy the fruits of all that labor.

## **What aspects of business make you very uncomfortable?**

We all have things that bother us or working situations that we don't particularly enjoy. It's important to recognize what your issues are so that you don't have to confront them daily in your business. If you don't like to carry any debt, for example, you probably don't want to start a business that requires debt to smooth out seasonality, like the clothing business. How do you feel about being a boss? If you don't like to deal with the issues related to managing employees, you probably want to consider starting a company that can outsource its personnel needs to other companies. If you don't work well under stress, you may want to stay away

from advertising or social media marketing. Both can be stressful due to the need to meet constant strict deadlines and to generate interesting and original material quickly. Look carefully at how you like to work before you start a business. Then find opportunities that can be a potential match.

## How will your feelings about your business affect its potential growth?

As an entrepreneur, you have the biggest impact on whether your business grows. You need to examine your attitudes about growth in general and all the ramifications of growing. For example, how do you feel about ownership issues such as how much of the company you want to retain as your own? If you have to bring on partners or investors to grow, that will mean giving up some of your ownership in the company. What about your ability to delegate control to other people? Can you trust others to share the work? Do you plan to build a company that will endure over many years, or do you want to get in and out quickly? Do you have a business education? You can find sources of entrepreneurship education online that will bring you up to speed on critical topics like finances, supply chains, and human resources.



TIP

Finding a mentor is an excellent way to get the support you need as you make important decisions. You learn how to create a mentor board in Chapter 9. Recognizing your attitudes about business helps you steer around potential hazards and make better decisions.

## Clearing Up the Myths and Stereotypes about Entrepreneurs

Perhaps without realizing it, you may have developed some common stereotypes about entrepreneurs. It's not unusual and given that the media often engages in painting stereotypes as well, they seem to be everywhere. Let's take a moment to dispel some of the most egregious of these so you don't limit yourself.

### You need a lot of money

This assumption is false. Thousands of businesses have started on little to no money; but to do it and succeed, you must have found a problem for which you have customers who need your solution. If you don't start with a ready stable of hungry customers, you will spend a lot of time and money to find them and

convince them to buy from you. By contrast, if your customers really need what you're offering because it solves their problem, they will pay a premium to get it.

The types of businesses that can most easily be started with limited funds include service businesses, where you're essentially marketing your skills to people who need them; and consulting businesses, which are similar to service businesses in that you're selling a skill or knowledge that you have. For example, suppose you're very good at putting on events such as sporting events or conferences. If you do it right, you can sell advance tickets before you incur the major costs such as the venue.

A third type is a performance-based business, which typically involves musicians, speakers, and other performing artists. Again, you can often defer having to pay upfront costs if you can sell tickets in advance, pay the performers after the performance, and you've developed some good contacts in the industry who can help you.

The fourth type is very popular. In this version, the entrepreneur serves as a broker or intermediary who brings together people seeking information on a particular topic and the experts on that topic. You may have seen invitations in your inbox for online seminars on topics such as cryptocurrencies, eating healthy, preparing for disasters, and ways to deal with various health problems. You will need access to an e-commerce web platform that supports streaming and social media marketing strategies.

## You need a great idea

It's not about having a great idea — it's about solving a real and compelling problem. Consider successful companies that have been in business several decades. It wasn't the idea that made them durable but starting with a great team that wanted to build an enduring company. Ideas come and go, but the ability to execute on a plan despite what happens in the market is their strength.

For example, VRBO (Vacation Rentals by Owner) started in 1995 with a stated goal of finding every family the space they need to relax, reconnect, and enjoy precious time away together. They brought together homeowners who wanted to rent their home temporarily and people who were looking to vacation in a home. This is the broker/intermediary model. VRBO put the business online to expand their reach, make it easier for customers to explore their offerings and to save money. They didn't have to depend on real estate brokers and, therefore, could scale quickly and inexpensively.

## You must take big risks

In general, this has been an enduring mantra in entrepreneurship. “Go big or go home” as they say. If you take big risks, your rewards will be great. But that’s not always the case. In fact, most of those “go big” ventures require investor capital. Investors are not fans of big risks because they need to protect their investment, especially when it involves other people’s money, which is typical. You learn more about venture capitalists in Chapter 16. So, investors and entrepreneurs look to reduce the amount of risk the venture will face by testing the concept in the market before launch, validating a business model to ensure they can make money, and securing first customers. Instead of bragging that your big risk is going to produce a huge reward, you should be asking yourself if your business will make a big difference in the market.

## You need to be young

Too many people believe that if you haven’t started a business by the time you’re 30, it’s too late. Nothing could be further from the truth. In 2015, the Ewing Marion Kauffman Foundation reported that 24 percent of startups that year were founded by entrepreneurs aged 55–64 years old. That’s up 71 percent from 1996. In 2018, the number of senior startups increased to 25.8 percent. Many seniors come to a startup with a wealth of business knowledge and experience that they want to continue to use. They become part of a startup’s management team, start their own ventures, or become investors in new businesses. Today we see entrepreneurs across all age groups, which tells you that entrepreneurship can be a satisfying lifetime occupation.

## Looking Ahead

Entrepreneurial opportunities rarely drop in out of the blue. You need to cultivate them. I talk about that in Chapter 3 (among other places) — things you can do to enhance your creative powers and coax opportunity out of hiding. I also talk about how to create a business concept and test it in the marketplace, and how to build a business that lets you execute the concept. This book is organized so that you can take a random walk through all the topics, dipping into chapters on a need-to-know basis, whether that means creating a concept, conducting a feasibility study, or plunging into the business planning process. So, welcome aboard! Feel free to go wherever you want — it’s all up to you.

