

4.2: Introduction

Learning Objectives

After reading this chapter, you should be able to answer these questions:

- Why do people become entrepreneurs, and what are the different types of entrepreneurs?
- What characteristics do successful entrepreneurs share?
- How do small businesses contribute to the U.S. economy?
- What are the first steps to take if you are starting your own business?
- Why does managing a small business present special challenges for the owner?
- What are the advantages and disadvantages facing owners of small businesses?
- How does the Small Business Administration help small businesses?
- What trends are shaping entrepreneurship and small-business ownership?

Exploring Managerial Careers

Natalie Tessler, Spa Space

Natalie Tessler has always had an entrepreneurial spirit. After she graduated from New York University's law school, she began working as a tax attorney for a large firm in Chicago. But Tessler soon realized that this left her feeling unfulfilled. She didn't want to practice law, and she didn't want to work for someone else. "I wanted to wake up and be excited for my day," Tessler said. Not until one night, though, when she was having dinner with a friend who recently had begun a writing career, did she realize it was time. "I was listening to her talk about how much she loved her job. Her passion and excitement—I wanted that. I wanted something that grabbed me and propelled me through the day—and being a lawyer wasn't it."

She began searching for what "it" was. She had a tremendous passion and talent for hospitality, entertaining others, and presentation. Seeking an outlet for that flair, she found the spa industry, and the idea for Spa Space was born.

"People think that, owning a spa, I'm able to live this glamorous lifestyle," she laughs. "Owning a spa is nothing like going to one—my nails always are broken from fixing equipment; my back is usually in pain from sitting hunched over a computer trying to figure out the budget or our next marketing promotion." Tessler is a true entrepreneur, embodying the spirit and drive necessary to see her vision become a reality.

Tessler wanted to design a spa that focused on something new: creating a comfortable, personalized environment of indulgence while not neglecting the medical technology of proper skin care. "My father's a dermatologist, so we discussed the importance of making this more than a spa where you can get a frou-frou, smell-good treatment that might actually harm your skin. We both thought it was important to create an experience that is as beneficial for people's skin as it is for their emotional well-being." To address this need, Spa Space has a medical advisory board that helps with product selection, treatment design, and staff training.

Armed with a vision and a plan, Tessler turned her sights toward making it a reality. Spa Space opened in 2001 and has received a great deal of national recognition for its service excellence, unique treatments and products, and its fresh approach to appealing to both men and women. But it hasn't always been smooth sailing for Spa Space. Tessler had to steer the business through several obstacles, including the 9/11 tragedy just three months after the spa's grand opening, and then the Great Recession. Tessler learned to adapt her strategy by refining her target market and the services Spa Space offered. Her resiliency enabled the company not only to survive difficult economic periods but to thrive and grow 17 years later into what the press recognizes as Chicago's best spa.

Tessler recently turned the reins over to Ilana Alberico, another entrepreneur and founder of Innovative Spa Management, a company that has been named twice to Inc.'s magazine list of fastest-growing companies. When Alberico met Natalie Tessler and learned about her vision, she was inspired to invest in Spa Space. "Natalie's vision still resonates . . . I'm inspired to champion her vision into the future."

Sources:

Armstrong, J. K. (2018). Spa reviews: Spa Space in Chicago. *Day Spa Magazine*. <http://www.dayspamagazine.com>, accessed February 1, 2018.

ISMSpa. (2018). *About us*. <https://ismspa.com>, accessed February 1, 2018.

SpaceSpa. (2018). *Our team*. <https://spaspace.com>, accessed February 1, 2018.

Typical of many who catch the entrepreneurial bug, Natalie Tessler had a vision and pursued it single-mindedly. She is just one of thousands of entrepreneurs from all age groups and backgrounds. Even kids are starting businesses and high-tech firms. College graduates are shunning the corporate world to head out on their own. Downsized employees, mid-career executives, and retirees who have worked for others all their lives are forming the companies they have always wanted to own.

Companies started by entrepreneurs and small-business owners make significant contributions to the U.S. and global economies. Hotbeds of innovation, these small businesses take leadership roles in technological change and the development of new goods and services. Just how important are small businesses to our economy? Table 4.1 provides insight into the role of small businesses in today's economy.

Table 4.1

The Economic Impact of Small Business
Most U.S. Businesses Are Small:
<ul style="list-style-type: none">• Most businesses are small: 99.9% of American businesses.• There are 33,185,550 small businesses in the United States.• Small businesses employ 61.7 million Americans, totaling 46.4% of private-sector employees.• From 1995 to 2021, small businesses created 17.3 million new jobs, accounting for 62.7% of net jobs created since 1995.• Small businesses pay 39.4% percent of private sector payroll.• Small businesses generate 32.6% percent of known export value.• About 38% of small businesses use specialized software in their business operations.

Table 4.1 Source: "Frequently Asked Questions About Small Business," <https://www.sba.gov>, accessed March 7, 2023.

You may be one of the millions of Americans who are considering joining the ranks of business owners. As you read this chapter, you'll learn why entrepreneurship is one of the hottest areas of business activity. Then, get the information and tools you need to help you decide whether owning your own company is the right career path for you. Next, you will discover the characteristics required to become a successful entrepreneur. Then, we will look at the importance of small businesses in the economy, guidelines for starting and managing a small business, the many reasons small businesses continue to thrive in the United States, and the role of the Small Business Administration. Finally, the chapter explores the trends that shape entrepreneurship and small-business ownership today.

✓ Case Study: Reed Hastings from Netflix 4.2.1



Reed Hastings's success came from a simple idea and an idea that one could even say is logical and may perhaps been thought of by anyone. Netflix was created because Hastings was frustrated at paying late rental fees for video cassettes at the local Blockbuster video store in town. Netflix, a revolutionary subscription-based movie rental service concept, completely altered how the world viewed movies. Netflix continues evolving by partnering with numerous movie studios and creating original films and shows. Reed Hastings is an entrepreneur and philanthropist who is Netflix's co-founder and chief executive officer. He is also on the board of the social networking website for Facebook and several non-profit organizations.

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