

7.19: Advantages and Disadvantages of Small-Business Ownership

Learning Objectives

- Describe the advantages and disadvantages of starting a small business



There are very few things in life that can compare to the experience of creating your own business. As investor and former entrepreneur James Caan expresses it: “Nothing will ever replace the thrill of creating a profitable company from scratch.”

Starting a small business is a matter of self-selection and self-determination. While the founders of small businesses still are a part of the society they live in, their business ventures can allow them to step into an alternate reality, part of a social order in which each person—regardless of gender, race, ethnicity, religion, birth or circumstances—can achieve their fullest potential and receive recognition for their achievements.

A small business owner has an extreme amount of latitude in both business and lifestyle choices, from developing the business concept and operating environment to defining success. The benefits—measured in impact, revenue, or infrastructure terms—are essentially unlimited. Perhaps the most nebulous, but important, benefit of being a small business owner is the freedom to choose your business’s purpose and goals.

The flip side is that you own the decisions and the results of those decisions. Evasion is not an option: you can’t say, “it’s not my job,” point fingers, shrug or check out. Additionally, as a small business owner, you will probably be risking your own (and, perhaps, friends & family) capital. Essentially, you’re flying without a net. There’s no guarantee of a regular paycheck and no paid or subsidized benefits (including a retirement plan, holidays, or perks). You’re responsible for business development, business planning, HR, IT, and every other function as well.

Freedom from an employer’s expectations comes at a cost: you’re responsible for setting and managing expectations—for yourself and others—and for making the magic happen.

Practice Question

<https://assessments.lumenlearning.co...essments/11032>

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