

7.3: Reading- Why Start Your Own Business?

Why Start Your Own Business?

Let's say that you are interested in the idea of going into business for yourself. Not everyone, of course, has a desire to take the risks and put in the work involved in starting up a business. What sort of characteristics distinguishes those who do from those who don't want to start a business? Or, more to the point, why do some people actually follow through on the desire to start up their own businesses? According to the Small Business Administration (SBA), a government agency that provides assistance to small businesses, the most common reasons for starting a business are the following (U.S. Small Business Administration, "First Steps: How to Start a Small Business," accessed April 21, 2006):

- To be your own boss
- To accommodate a desired lifestyle
- To achieve financial independence
- To enjoy creative freedom
- To use your skills and knowledge

The Small Business Administration points out, though, that these are likely to be advantages only "for the right person." And how do you know if you're one of the "right people"? The SBA suggests that you assess your strengths and weaknesses by asking yourself a few relevant questions (U.S. Small Business Administration, "[Is Entrepreneurship for You?](#)" accessed August 31, 2011).

- *Am I a self-starter?* You'll need to develop and follow through on your ideas. You'll need to be able to organize your time.
- *How well do I get along with different personalities?* You'll need to develop working relationships with a variety of people, including unreliable vendors and sometimes cranky customers.
- *How good am I at making decisions?* You'll be making decisions constantly—often under pressure.
- *Do I have the physical and emotional stamina?* Can you handle six or seven workdays of as long as twelve hours every week?
- *How well do I plan and organize?* If you can't stay organized, you'll get swamped by the details. In fact, poor planning is the culprit in most business failures.
- *Is my drive strong enough?* You'll need to be highly motivated to withstand bad periods in your business, and simply being responsible for your business's success can cause you to burn out.
- *How will my business affect my family?* Family members need to know what to expect before you begin a business venture, such as financial difficulties and a more modest standard of living.

Later we'll take up the question of why businesses fail, but since we're still talking about the pros and cons of starting a business in the first place, we should consider one more issue: in addition to the number of businesses that start and then fail, a huge number of business ideas never even make it to the grand opening. One business analyst cites four reservations (or *fears*) that prevent people from starting businesses (Shari Waters, "[Top Four Reasons People Don't Start a Business](#)," About.com, accessed October 8, 2008):

- *Money.* Granted, without the cash, you can't get very far. *What to do:* Conduct some research to find out where funding is available.
- *Security.* A lot of people don't want to sacrifice the steady income that comes with the nine-to-five job. *What to do:* Don't give up your day job. At least at first, think about hiring someone to run your business while you're gainfully employed elsewhere.
- *Competition.* A lot of people don't know how to distinguish their business ideas from similar ideas. *What to do:* Figure out how to do something cheaper, faster, or better.
- *Lack of ideas.* Some people simply don't know what sort of business they want to get into. *What to do:* Find out what trends are successful. Turn a hobby into a business. Think about a franchise.

If you're still interested in going into business for yourself, feel free to regard these potential drawbacks as mere obstacles than can be overcome by a combination of planning and creative thinking. The following short video is an example of the entrepreneurial spirit triumphing over such challenges.



KEY TAKEAWAYS

- An **entrepreneur** is someone who identifies a business opportunity and assumes the risk of creating and running a business to take advantage of it.
- There are three characteristics of entrepreneurial activity:
 - *Innovating*. An entrepreneur offers a new product, applies a new technique or technology, opens a new market, or develops a new form of organization for the purpose of producing or enhancing a product.
 - *Running a business*. Entrepreneurship means setting up a business to make a profit from an innovative product or process.
 - *Risk taking*. Risk means that an outcome is unknown. Entrepreneurs, therefore, are always working under a certain degree of uncertainty, and they can't know the outcomes of many of the decisions that they have to make.
- According to the **SBA**, a government agency that provides assistance to small businesses, there are five advantages to starting a business—"for the right person":
 - Be your own boss.
 - Accommodate a desired lifestyle.
 - Achieve financial independence.
 - Enjoy creative freedom.
 - Use your skills and knowledge.
- To determine whether you're one of the "right people" to exploit the advantages of starting your own business, the SBA suggests that you assess your strengths and weaknesses by asking yourself the following questions:
 - Am I a self-starter?
 - How well do I get along with different personalities?
 - How good am I at making decisions?
 - Do I have the physical and emotional stamina?
 - How well do I plan and organize?
 - Is my drive strong enough?
 - How will my business affect my family?

Check Your Understanding

Answer the question(s) below to see how well you understand the topics covered in this section. This short quiz does **not** count toward your grade in the class, and you can retake it an unlimited number of times.

Use this quiz to check your understanding and decide whether to (1) study the previous section further or (2) move on to the next section.

<https://assessments.lumenlearning.com/assessments/192>

Contributors and Attributions

CC licensed content, Shared previously

- An Introduction to Business. **Authored by:** Anonymous. **Provided by:** Anonymous. **Located at:** <http://2012books.lardbucket.org/books/an-introduction-to-business-v2.0/s09-01-what-is-an-entrepreneur.html>. **License:** *CC BY-NC-SA: Attribution-NonCommercial-ShareAlike*
 - Sriracha. **Provided by:** BBC. **Located at:** <https://youtu.be/jrOXnWs8km0>. **License:** *CC BY-NC-ND: Attribution-NonCommercial-NoDerivatives*
-

7.3: Reading- Why Start Your Own Business? is shared under a [not declared](#) license and was authored, remixed, and/or curated by LibreTexts.

- **12.3: Reading- Why Start Your Own Business?** has no license indicated.