

Taking the Leap - What Prompts People to Start Their Own Business

By Bruce Strom, Ph.D. (BizVoice magazine, reprinted by permission)

Are people born to be entrepreneurs, or do they develop into people who start their own businesses? The answer is probably both. There are factors that lead people to take the leap and start their own business ventures – ones with the highest probability of success.

An entrepreneur is a person who takes an idea for a good or goods and/or a service or services, considers risks, identifies opportunities, gathers resources, and plans and implements the idea. The following are some things to consider if the entrepreneurial bug is biting.

- Small-business owners use an average of \$10,000 to start their businesses, according to the latest Wells Fargo/Gallup Small-Business Index study released by Wells Fargo and Company (Aug. 16, 2006).
- Seventy-three percent of business owners surveyed primarily funded their business with their own personal savings, while 37% obtained loans and lines of credit (The NFIB Research Foundation).
- Fourteen percent of Inc. magazine's 500 fastest-growing companies in the United States started with less than \$1,000 (Inc., October 2002).
- Most ideas for businesses originate from other work or hobbies; sometimes the ideas are related to educational courses, chance happenings or suggestions (New Business in America, William J. Dennis Jr., The NFIB Research Foundation).
- The latest statistics from the Small Business Administration (SBA) show that two-thirds of new employer establishments survive at least two years and 44% survive at least four years. This is a far cry from the previous long-held belief that 50% of businesses fail in the first year and 95% fail within five years (Patricia Schaefer, in *The Seven Pitfalls of Business Failure and How to Avoid Them*). While starting small business ventures is risky, there are traits and characteristics that entrepreneurs possess and develop to be successful. Some traits people are born with, and others can be developed through life experience. These traits and characteristics are key factors in determining who makes the jump from potential entrepreneur to entrepreneur. Those who take the leap from idea to action often possess many of the following:
 - Planning/strategy – The ability to create and use plans and strategy to guide business development and growth. And the ability to use resources such as mentors and coaches to create and maintain a successful business plan to guide operations and measure effectiveness. Small business counselors and advisors claim that they can raise the likelihood of success of new businesses from roughly 30% to over 60% due to their planning and resource guidance.
 - A good business mindset/head for business – Traits and characteristics that can include the need for achievement, self-discipline, good mental and emotional instincts, objectivity, courage, self-confidence, and sound financial and resource judgment in business activities.
 - Self-reliance – The ability to rely on your abilities and not those of others.
 - Creativity/innovation/resourcefulness – The ability to develop a marketable idea or ideas (goods and/or services) that meet business and/or consumer needs.
 - Clear and doable goals and objectives – Able to identify what needs to be done, and to commit the time, energy and resources to achieve those outcomes.
 - Knowledge of the field – A good working knowledge of the competition. Often, that means some level of technical expertise.
 - Risk management – A tolerance for measured risk and ambiguity.
 - Passion – Able to embrace and promote ideas strongly, to motivate and give strength in stressful times.
 - A strong work ethic – Able to work long and hard hours in terms of planning, implementation and evaluation.
 - Delayed gratification – The ability to see success as a journey, one that will take time and energy to become sustainable and profitable.
 - Persistence – The ability and strength to “gut it out” and keep going in tough economic and emotional periods.
 - Lifelong learning – The ability to learn from experience, and engage in formal and informal learning and training activities that can improve business effectiveness and efficiency.

The American free enterprise system, and the state and local economies, is geared toward rewarding successful entrepreneurs who take risks and are innovative and creative. But, before any potential entrepreneur begins the journey toward starting a new business venture, they should consider the traits/characteristics of successful entrepreneurs and see if they have and/or can develop the factors for success.

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