

Business Management

Unit 1 – Entrepreneurship Handout

Introduction to Entrepreneurship

Vocabulary Terms

Entrepreneur: person who undertakes the organization and ownership of a business with the intent of making a profit.

Entrepreneurship: the process of getting into and operating your own business.

Niche: suitable place (area of specialization) for a venture. (Refers to a business that specifically caters to a defined group compared to its competitors)

Mentor: an individual within a relationship that one can run ideas by and solicit feedback in which the mentor has nothing to personally gain from the mentee's decision.

*Advantages of Entrepreneurship

- Independence
- Personal satisfaction
- Prestige
- Being your own boss
- Doing something you enjoy
- Opportunity to be creative
- Having job security
- Making more money
- Being recognized within the community

*Disadvantages of Entrepreneurship

- Working long hours
- Having an uncertain income
- Being fully responsible
- Risking one's investment

*Personal characteristics of Entrepreneurs

- Persistent
- Creative
- Responsible
- Goal-oriented
- Independent
- Self-confident
- Risk taking
- Driven
- Aggressive

*Note that this is not an all-inclusive list.

Blake MyCoskie (TOMS)

“Start Something That Matters”

1. If you did not have to worry about money, what would you do with your time?

2. What kind of work would you want to do?

3. What cause would you serve?

4. Why am I doing this?

2

Business Management

Unit 1 – Entrepreneurship Handout

Economics:

- The study of the decisions (or economic choices) that go into making, distributing, and consuming products.
- The study of how society uses its scarce resources.
- Economics involves the **coordination** between manufacturers, distributors, sellers and buyers. Ebay and Craigslist both coordinate buyers and sellers.

Goods: are tangible (or physical) products.

- Industrial goods are used in the manufacture of other products (i.e. plastic)
- Consumer goods are purchased by you for your own needs (i.e. CDs)

Services: are intangible (or conceptual) products. For example, physicians, accountants, theaters, barbers – all provide services.

To produce goods and services, businesses use resources. These resources are called **factors of production**. **Important to identify what you need, what you have, and associated costs for those resources.**

There are four types of **factors of production**:

- **Land:** natural resources not only include geographic territory, but also air, water, trees, minerals and crude oil.
- **Labor:** Human effort to produce goods and services
- **Capital:** consists of equipment, factories, tools, and other goods needed to produce a product. Also includes money used to buy these things.
- **Entrepreneurship:** consists of the ideas and decisions of the business owner or entrepreneur. This is the person who brings all of the factors of production together to create value in the economy.

A business's attempt to get customers in the face of other businesses' selling the same or similar products is called **competition**. (Competitive market and economy)

Supply is the amount of a good or service available (what suppliers are willing to produce) at a particular PRICE.

Surplus: supply exceeds demand at a price. (extra product)

Shortage: demand exceeds supply at a price. (not enough product)

Demand is the amount of a good or service that people are both willing and able to buy at a particular PRICE.

Let's look at local economy > state economy > national economy > global economy

What's the impact that entrepreneurs have on our economy?

- They recognize consumer wants and see opportunities to satisfy them
- They provide jobs
- Some change society and the way we live (i.e. the personal computer)

§

3

Business Management

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Terms:

Outsourcing:

Examples:

(A form of Outsourcing) Subcontracting:

Examples:

Scalable:

Inside Sales:

Outside Sales:

Gateway/Core Product or Service:

Cross-Selling:

Revenue Streams:

Value:

Disrupt: