

# CHAPTER 5

## Entrepreneurship



# Entrepreneurship

- ▶ An **entrepreneurship** is a business started by someone who notices a need for a product or service.
- ▶ **Why It's Important**
  - **Entrepreneurs and small businesses bring vital energy and innovation to the economy.**
  - **The risks involved energize entrepreneurs and small business owners to become successful.**

# Entrepreneurship

- Entrepreneurships and small businesses are the majority of business firms.
- A **virtual business** or a **dot-com company** is a business that operates on the Internet.



- Some new Internet businesses are able to hire people without paying them a salary.
- LENDX Inc., based in San Francisco, Calif., serves as an online financial hub for businesses interested in leasing or buying equipment.
- When LENDX started, their first six employees worked for shares of company stock only.
- Why would its employees work without a salary?

# Entrepreneurship: Ins and Outs

- An **entrepreneur** is a person who recognizes a business opportunity and organizes, manages, and assumes the risks of a business enterprise, with the intent of increasing the market value of the business.
- Entrepreneurs are take-charge, self-directed people.
- Often an entrepreneur is a **risk taker**, or someone who likes to take risks.

# GRAPHIC ORGANIZER

## Successful Entrepreneurs



# Entrepreneurship

## ▶ ADVANTAGES

- Satisfaction from taking a risk and becoming a success
  - Showing expertise and skills
  - Working from home
  - Gaining profit
- ▶ **Profit** is the money left over after a business has paid all costs of producing its goods or services.

# Entrepreneurship

## ▶ DISADVANTAGES

- Long hours
  - Total responsibility for the business
  - Financial risks
- ▶ The main reason why entrepreneurs fail is that they run out of money.