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CASES

ESSENTIALS OF ENTREPRENEURSHIP AND SMALL BUSINESS MANAGEMENT, 9/E

Case #	Entrepreneur; Company Name	Related Topics	Chapter Reference
1	Bill, Melody, and Stephanie Cohen United Apparel Liquidators	<i>Industry: Discount retail clothing</i> <ul style="list-style-type: none"> Developing a business strategy Bootstrap marketing and social media marketing Choosing the right location 	5 9 14
2	Matt Meeker, Henrik Werdelin, and Carly Strife Bark & Co.	<i>Industry: Subscription-based gift boxes for dogs</i> <ul style="list-style-type: none"> Entrepreneurship Creativity and innovation Developing a business strategy Sources of financing 	1 3 5 15
3	Jim Telikis and Saban Lomac Cousins Maine Lobster	<i>Industry: Restaurant (food truck)</i> <ul style="list-style-type: none"> Franchising Global expansion 	8 16
4	Saul Garlick ThinkImpact	<i>Industry: Social entrepreneurship</i> <ul style="list-style-type: none"> Ethics and social responsibility Building a business plan Forms of ownership Sources of financing 	2 5 6 15
5	Art, Ilene, Joseph, and Aaron Stadlen Intertech Construction Corporation	<i>Industry: Interior design and construction</i> <ul style="list-style-type: none"> Financial analysis and management Managing cash flow Family business and management succession 	12 13 17
6	Angela Crawford and Martin Rodriguez Bluffton Pharmacy—Part 1	<i>Industry: Pharmacy</i> <ul style="list-style-type: none"> Financial analysis and management 	12
7	Angela Crawford and Martin Rodriguez Bluffton Pharmacy—Part 2	<i>Industry: Pharmacy</i> <ul style="list-style-type: none"> Managing cash flow 	13
8	Max, Shelly, and Alfie Gitman Gitman Brothers	<i>Industry: Apparel (shirts and ties)</i> <ul style="list-style-type: none"> Social media marketing E-commerce and Web site design 	9 10
9	James, Trish, and Palmer Higgins Seabreeze Property Services	<i>Industry: Landscape and snow removal</i> <ul style="list-style-type: none"> Buying an existing business Sources of financing 	7 15
10	Jeff Braverman Nuts.com	<i>Industry: Snack foods</i> <ul style="list-style-type: none"> Developing a business strategy Bootstrap marketing and social media marketing E-commerce Family business 	5 9 10 17

Ninth Edition

Essentials of Entrepreneurship and Small Business Management

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To Cindy, whose patience is always tested during a writing project
of this magnitude. Your love, support, and understanding
are a vital part of every book.
You are the love of my life.

—NMS

To Ann, for her wisdom and love. Your encouragement
and support are the foundation for each new entrepreneurial
adventure we take.

—JRC

“May your own dreams be your only boundaries.”

—The Reverend Purlie Victorious Judson,
in *Purlie*, Broadway Theater, 1970

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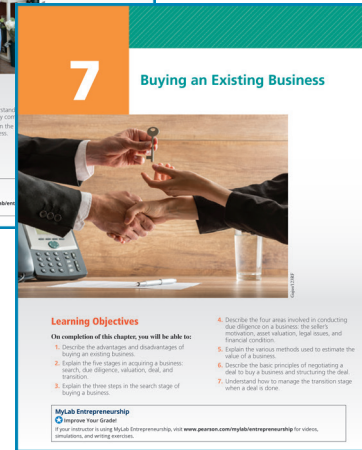
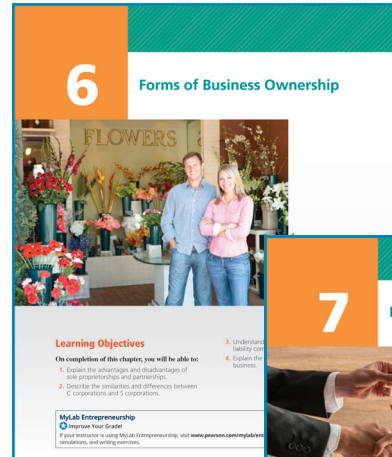
Preface

Entrepreneurship is a fast-growing and ever-changing discipline. People of all ages, backgrounds, and nationalities are launching businesses of their own and, in the process, are reshaping the world's economy. The purpose of this book is to open students' minds to the possibilities, the challenges, and the rewards of owning their own businesses and to provide the tools they will need to be successful if they choose the path of the entrepreneur. It is not an easy road to follow, but the rewards—both tangible and intangible—are well worth the risks. Not only may you be rewarded financially for your business ideas, but also like entrepreneurs the world over, you will be able to work at something you love!

New to This Edition

This edition includes many new features that reflect this dynamic and exciting field of study.

- This edition features separate chapters on “Forms of Business Ownership” and “Buying an Existing Business.” In addition, we have reorganized the chapter on buying a business using a five-step process: the search stage, the due diligence stage, the valuation stage, the deal stage, and the transition stage. As members of the Baby Boom generation retire, the opportunities for you to buy a business are vast. This chapter covers the details of various valuation methods to help you determine the value of a business you might purchase.
- Almost every one of the real-world examples in this edition is new and is easy to spot because they are accompanied by an icon. These examples allow you to see how entrepreneurs are putting into practice the concepts that you are learning about in the book and in class. These examples are designed to help students remember the key concepts in the course. The business founders in these examples also reflect the diversity that makes entrepreneurship a vital part of the global economy.



ENTREPRENEURIAL PROFILE: Lauren Pears: Lady Dinah's Cat Emporium After a particularly bad day at work, Lauren Pears decided to leave her corporate job, began writing a business plan, and raised the necessary capital via crowdfunding to launch Lady Dinah's Cat Emporium, a café in London that is home to 13 rescued cats that each week host hundreds of human guests looking for feline companionship at high tea and a 90-minute respite from the hectic pace of life. Pears was confident that her business would succeed, but even she admits to being surprised at the 20,000 reservations the Cat Emporium received in only its first two weeks of operation. Pears drives business to her company's Web site primarily through social media. Every cat has his or her own Twitter handle and regularly tweets photos and comments about his or her activities (or, being cats, lack of activity). The cats and the Cat Emporium have 11,000 followers on Instagram, more than 55,000 likes on Facebook, and 19,000 followers on Twitter. Lady Dinah's Cat Emporium uses social media very effectively to connect with her audience; currently, there is a six-week waiting list for reservations.³⁷ ■



Roger Parkes/Alamy Stock Photo

ENTREPRENEURIAL PROFILE: Neil Parikh, Gabe Flateman, and Luke Sherwin: Casper Mattress Neil Parikh, Gabe Flateman, and Luke Sherwin, all in their mid-20s, believed that the \$14 billion mattress industry, with its seemingly endless product variations, complicated delivery and return process, and high prices, was ripe for disruption. The trio of entrepreneurs decided to launch a business, Casper, in New York City that simplifies the process of buying a mattress. Casper produces only one mattress model that comes in six sizes and is priced from \$500 to \$950. Customers receive a 100-day trial period with every mattress. If a customer is dissatisfied at any time during the generous trial period, Casper picks up the mattress at no charge and provides a full refund. (Casper's return rate is extremely low, and the company donates returned mattresses to local charities.) Living in a large city where space is limited, the trio of entrepreneurs



Hands On . . . How To

Make Social Media Work for Your Business

Social media, such as Facebook, Twitter, LinkedIn, Snapchat, and YouTube, can be a vital and productive component of a company's bootstrap marketing strategy. Because a typical customer sees more than 300 advertising and sales messages each day, small businesses' marketing efforts, particularly their social media marketing efforts, must be well planned, consistent, and focused. Otherwise, they will become lost in a sea of ads, posts, tweets, and blogs.

The first key to a successful social media marketing strategy is understanding your customers and knowing where they are in the social media universe and what they expect from you. Entrepreneurs can use the following tips and success stories to develop

awareness of its brand and to build a launch. Before it began operations, it more than 60,000 "likes" on Facebook and 32,000 Twitter followers through its social media content.

Use social media to level the playing field. One of the greatest advantages of using social media is that it provides a marketing advantage that small businesses can't match. For example, a small restaurant chain based in

wrestle with some of the ethical dilemmas that entrepreneurs face, including the controversial issues surrounding employers' responses to employees' postings on social media sites. Encouraging you to think about and discuss these issues now prepares you for making the right business decisions later.

- We have updated Chapter 10, "E-Commerce and the Entrepreneur," to reflect the multichannel approach that businesses use to meet their customers wherever and whenever they want to shop. This chapter also includes coverage of the latest search engine optimization techniques and the steps business owners can take to avoid becoming victims of cybercrime.
- This edition provides expanded and updated coverage of important topics such as using the Business Model Canvas to refine a business idea, attracting capital using crowdfunding, identifying the keys to selecting the ideal location for a business, developing a process for hiring the right employees, creating a company culture that inspires employees to achieve their full potential, and others.

Hands On . . . How To

Create a Culture of Creativity and Innovation

Creativity and innovation are important drivers of the global economy, allowing companies that use them well to prosper and providing consumers with products and services that make their lives better. A recent study by marketing communications firm MDC Partners reports that 98 percent of top executives say that creativity is critical to economic success; in addition, 76 percent of the managers believe that the world has entered an "imagination economy," in which companies' ability to harness the power of creativity determines their success. How can a company create a culture that promotes creativity among its employees and allows it to use innovation to gain a competitive advantage over its rivals? The following seven tips can help.

Ignite Passion
The philosopher Denis Diderot said, "Only passions, great passions, can elevate the soul to great things." So it is with creativity. The most basic ingredient for building a creative company culture is a passion to discover something new, to contribute to the betterment of society, and to make a difference. That passion starts at the top of an organization with the entrepreneur. Steve Jobs, cofounder of Apple Inc., often said that he wanted "to put a ding in the universe," an attitude that led his company to introduce many innovative products. When Jobs

the animated filmmaker. Delegating authority and responsibility requires an atmosphere of trust, which increases the likelihood that employees are engaged in their work and buy into the company's mission. The key is letting employees know that you value their ideas, creativity, and judgment.

Encourage Courage
Some companies actually discourage creativity and innovation by punishing those who dare to take chances and fail. Businesses that succeed over time have cultures that encourage employees to be bold enough to take creative chances without fear of repercussions. At DreamWorks Animation, managers regularly solicit ideas from every employee—and not just those in the creative side of the business. Accountants, administrative assistants, lawyers—anyone—can (and do) submit ideas for everything from story lines for new movies to improving a business system.

Fail Forward
The most creative companies have built cultures that encourage people to try new ideas and recognize that many (perhaps most) of them will fail. Companies that punish failure end up with a

- To emphasize the practical nature of this book, we have updated the content of the very popular "Hands On: How To . . ." feature, which selects a concept from each chapter and explains how to put it into practice in your own company. These features include topics such as how to "Make Social Media Work for Your Business," "Create a Culture of Creativity and Innovation," "Build a Successful Global Company," "Make Your Small Business a Great Place to Work," and many others.
- Another feature that is popular with both students and professors is "You Be the Consultant." Every chapter contains at least one of these inserts describing a decision that an entrepreneur faces while asking you to play the role of consultant and to advise the entrepreneur on the best course of action. This feature includes the fascinating stories of how entrepreneurs came up with their business ideas (including Bill Mitchell, who began tailoring clothing for his college friends, which led him to start Billiam Jeans, a company that creates custom-made jeans for clients). Other topics explore deciding whether an entrepreneur should purchase one of the first outlets from a new franchise operation (John Rosatti and Lee Goldberg and BurgerFi), developing a strategy for providing "second mile service" to customers as a way of setting a company apart from its competition, understanding the psychology behind popular

You Be the Consultant

Would You Buy This Franchise?

Although opening a franchise is not a "sure thing," franchising's immense popularity is due, in part, to the support, experience, and training that franchisors provide their franchisees. Many would-be entrepreneurs believe that franchising reduces their risk of failure and see it as the key to their success. Large, established franchises have systems in place that have been replicated thousands of times and allow franchisees to follow a formula for success that the franchisor has worked out over many years. Many small franchisors don't have the benefit of learning from the mistakes of setting up thousands of outlets to fine-tune their business systems. Some franchisors build their business models on fads that will fade, while others tap into meaningful trends. Some of these small franchises have the potential to become tomorrow's franchise giants; others will fall by the wayside. What factors increase the probability that a new franchise will succeed?

- **Unique concept.** To be successful, a franchise must offer a unique concept that registers with customers by solving a problem or making their lives better or easier and gives the company a competitive edge in the marketplace.

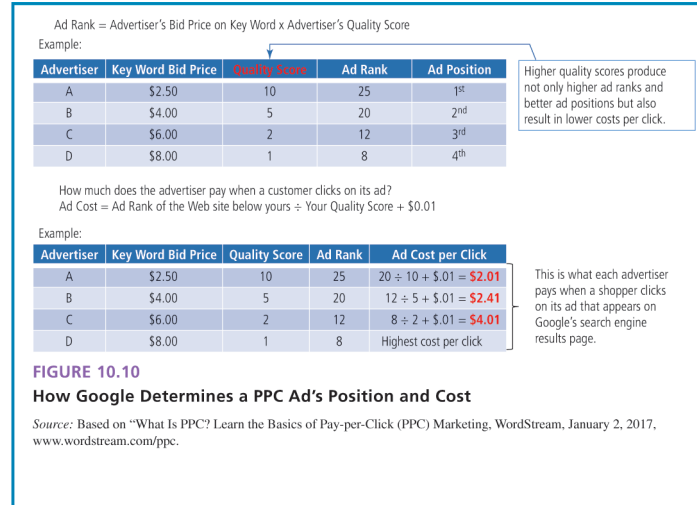
success by providing them with a well-functioning system that are more likely to fail.

- **Replicable system.** Not only must a franchise system be effective and efficient, it also must be replicable. The franchise system is easily teachable to franchisees.
- **Experience.** To be able to provide franchisees with a clear, effective system, a franchisor must have experience in the industry and must have built a successful operation as an independent business owner before starting to franchise.
- **Powerful marketing.** Successful franchisors understand the importance of building recognition for their brand and devote proper resources to protecting their brand and building recognition for them among customers.

BurgerFi
Nearly half of all consumers eat a hamburger at least once a week, and many "better burger" franchises, such as Fire

pricing strategies, helping an entrepreneur choose a location for his company’s next retail store (Fan Bi, cofounder of custom shirtmaker Blank Label), and using social media to market a small company’s services (Jeff Platt and SkyZone, an indoor wall-to-wall trampoline park franchise). Each one poses a problem or an opportunity and includes questions that focus attention on key issues to help you hone your analytical and critical thinking skills.

- This edition includes 10 new brief cases that cover a variety of topics (see the case matrix that appears on the inside cover). All of the cases are about small companies, and most are companies that you can research online. These cases challenge students to think critically about a variety of topics that are covered in the text—from developing a business strategy and building a brand to protecting intellectual property and financing a business.
- The content of every chapter reflects the most recent statistics, studies, surveys, and research about entrepreneurship and small business management. Students will learn how to launch and manage their businesses the *right* way by studying the most current concepts in entrepreneurship and small business management.



Entrepreneurship has become a major force in the global economy. Policy makers across the world are discovering that economic growth and prosperity lie in the hands of entrepreneurs—those dynamic, driven men and women who are committed to achieving success by creating and marketing innovative, customer-focused new products and services. Not only are these entrepreneurs creating economic prosperity, but as social entrepreneurs many of them are also striving to make the world a better place in which to live. Those who possess this spirit of entrepreneurial leadership continue to lead the economic revolution that has proved time and again its ability to raise the standard of living for people everywhere. We hope that by using this book in your entrepreneurship or small business management course, you will join this economic revolution to bring about lasting, positive changes in your community and around the world. If you are interested in launching a business of your own, *Essentials of Entrepreneurship and Small Business Management* is the ideal book for you!

This ninth edition of *Essentials of Entrepreneurship and Small Business Management* introduces students to the process of creating a new venture and provides them with the knowledge they need to launch a business that has the greatest chance for success. One of the hallmarks of every edition of this book has been a very practical, “hands-on” approach to entrepreneurship. We strive to equip students with the tools they will need for entrepreneurial success. By combining this textbook with professors’ expertise, students will be equipped to follow their dreams of becoming successful entrepreneurs.

Solving Teaching and Learning Challenges

Now in its ninth edition, *Essentials of Entrepreneurship and Small Business Management* has stood the test of time by presenting in an organized, concise manner the material needed to launch and manage a small business successfully in a hotly competitive environment. In writing this edition, we have worked hard to provide plenty of practical, “hands-on” tools and techniques to help you make your business ventures successful. Many people launch businesses every year, but only some of them succeed. This book provides the tools to help students learn the *right* way to launch and manage a small business with the staying power to succeed and grow.



ENTREPRENEURIAL PROFILE: Carolyn Yarina: CentriCycle. As part of a class project in a freshman engineering class at the University of Michigan, Carolyn Yarina discovered that one of the greatest needs of rural health workers in developing nations is a centrifuge that could operate without electricity. By the end of the semester, Yarina and a team of students designed a human-powered centrifuge made from bicycle parts called the CentriCycle. The project stirred Yarina's interest in entrepreneurship, and she began taking courses in that field, including one on social entrepreneurship that enabled her to go to India. Soon, Yarina and fellow student Katie Kirsch teamed up with University of Michigan graduate Gillian Henker, who was developing Hemafuse, an auto-transfusion pump for blood, to create Sisu Global Health, a socially conscious, for-profit business that focuses on medical products designed

- Each chapter offers several insights from successful professionals, emphasizing concepts and valuable skills that students will explore in depth in the chapter.
- Each chapter includes a chapter summary (organized by learning objectives), discussion questions, and “Beyond the Classroom” questions that are designed to engage students and help them develop their analytical and critical thinking skills. On MyLab Entrepreneurship are flash cards for students to use to test their knowledge of key terms used throughout the book.
- Each chapter also includes a “Hands on: How to . . .” feature that provides students with practical insight into problems that entrepreneurs often face.

Chapter Summary by Learning Objective

1. Define the role of the entrepreneur in business in the United States and around the world.

- Entrepreneurship is thriving in the United States, but the current wave of entrepreneurship is not limited to the United States; many nations around the globe are seeing similar growth in their small business sectors. A variety of competitive, economic, and demographic shifts have created a world in which “small is beautiful.”
- Capitalist societies depend on entrepreneurs to provide the drive and risk taking necessary for the system to supply people with the goods and services they need.

2. Describe the entrepreneurial profile.

- Entrepreneurs have some common characteristics, including a desire for responsibility, a preference for moderate risk, confidence in their ability to succeed, desire for immediate feedback, a high energy level, a future orientation, skill at organizing, and a value of achievement over money. In a phrase, they are tenacious high achievers.

3-A. Describe the benefits of entrepreneurship.

- Driven by their personal characteristics, entrepreneurs establish and manage small businesses to gain control over their lives, make a difference in the world, become self-fulfilled, reap unlimited profits, contribute to society, and do what they enjoy doing.

3-B. Describe the drawbacks of entrepreneurship.

- Entrepreneurs also face certain disadvantages, including uncertainty of income, the risk of losing their investments (and more), long hours and hard work, a lower quality of life until the business gets established, high stress levels, and complete decision-making responsibility.

4. Explain the forces that are driving the growth of entrepreneurship.

- Several factors are driving the boom in entrepreneurship, including the portrayal of entrepreneurs

as heroes, better entrepreneurial education, economic and demographic factors, a shift to a service economy, technological advances, more independent lifestyles, and increased international opportunities.

5. Explain the cultural diversity of entrepreneurship.

- Several groups are leading the nation's drive toward entrepreneurship: young people, women, minorities, immigrants, part-timers, home-based business owners, family business owners, copreneurs, corporate castoffs, corporate dropouts, social entrepreneurs, and retired Baby Boomers.

6. Describe the important role that small businesses play in our nation's economy.

- The small many, \$8 of all private sector produce and create jobs.

Discussion Questions

- 7-1. What advantages can an entrepreneur who buys a business gain over one who starts a business “from scratch”?
- 7-2. How would you go about determining the value of the assets of a business if you were unfamiliar with them?
- 7-3. Why do so many entrepreneurs run into trouble when they buy an existing business?
- 7-4. Outline the stages involved in buying a business.
- 7-5. What topics does the due diligence process address?
- 7-6. Briefly outline the process of valuing a business using the adjusted earnings, the capitalized earnings, and the discounted future earnings approaches.
- 7-7. What determines the bargaining zone between a business seller and a buyer?
- 7-8. Explain the buyer's position in a typical negotiation for a business.
- 7-9. Explain the seller's position in a typical negotiation for a business.
- 7-10. What steps should a business buyer take to ensure a smooth transition after closing the deal to buy a business?
- 7-11. One entrepreneur who recently purchased a business advises buyers to expect some surprises in the deal, no matter how well prepared they may be. He says potential buyers must build some “wiggle room” into their plans to buy a company. What steps can a buyer take to ensure that he or she has sufficient wiggle room?
- 3-10. Your dinner guests are to arrive in five minutes, and you've just discovered that you forgot to chill the wine! Wanting to maintain your reputation as the perfect host/bosstess, you must tackle this problem with maximum creativity. What could you do? Generate as many solutions as you can in five minutes working alone and then work with two or three students in a small group to brainstorm the problem.
- 3-11. Work with a group of your classmates to think of as many alternative uses for the commercial lubricant WD-40 as you can. Remember to think *fluidly* (generating a quantity of ideas) and *flexibly* (generating unconventional ideas).
- 3-12. A Facebook group of more than 25,000 people is trying to convince Cadbury, the venerable British confectioner (now owned by Kraft Foods), to produce a giant chocolate Cadbury Crème Egg that contains a filling made from fondant that resembles the yolk and white of a real egg. (Currently, giant Cadbury chocolate eggs, which are about the size of an ostrich egg, are hollow, a great disappointment to fans of the company's smaller chocolate eggs that are filled with creamy white and yolk-colored fondant.) A Cadbury spokesperson says that “creating a [chocolate] shell that is strong enough to contain the sheer weight of the fondant is technically challenging.” Use the creativity-enhancing techniques described in this chapter to develop potential solutions that would allow Cadbury to manufacture a giant Crème Egg.

Q ?

- Select all
- bootstrapping
- cloud computing
- copreneurs
- entrepreneur
- family-owned business
- gazelles
- micromultinationals
- necessity entrepreneurs
- opportunity entrepreneurs
- serial entrepreneurs

CLEAR ALL LEARNED TERMS

STUDY NOW PRINT

MICROMULTINATIONALS

small companies that operate globally from their inception.

Hands On . . . How To

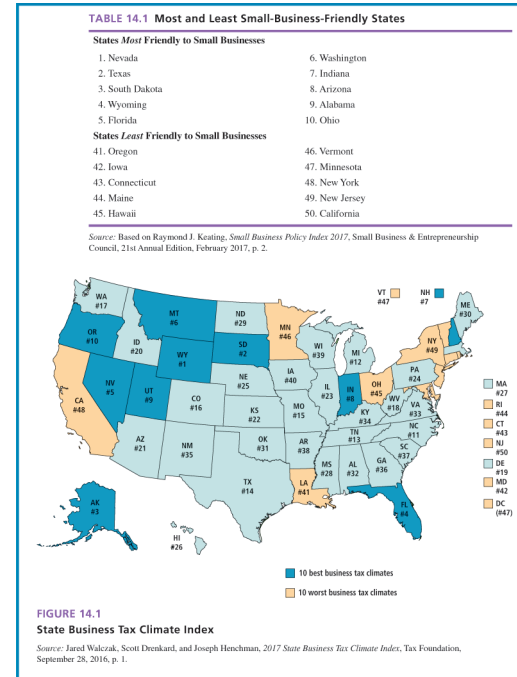
Use Social Media to Market Your Business

The typical digital consumer now spends an average of 1 hour and 50 minutes each day on social media (and 80 percent of that time is on a mobile device). In addition, 77 percent of online shoppers use social media (Facebook, YouTube, Twitter, and Pinterest are the most popular apps), and more than one-third of online shoppers say that social media has influenced their purchases. Social media apps now offer users “shop now” and “buy now” features that enable them to make purchases directly from the app. In fact, nearly one-fourth of online shoppers have purchased a product on a social media network. Clearly, social media represents a tremendous marketing opportunity for small businesses; however, only 57 percent of small businesses have a social media presence. The accompanying graphic shows how these small businesses put social media tools to work for their companies.

How Small Businesses Use Social Media

At Sky Zone, an indoor wall-to-wall trampoline park franchise with 127 locations in the United States and 22 outlets in foreign countries, social media marketing emerged organically. CEO Jeff Platt says the company noticed that customers were planning trips to Sky Zone locations on Twitter, so the company joined in the conversations and posted special offers, such as “bring five people to Sky Zone, and we'll give you a free pass.” Sky Zone also launched the “twitter campaign” @thatswhatSkyZone to engage customers of all ages and to show people how much fun a Sky Zone adventure can be through posts, photos, and video. Platt was surprised to see how many people posted photos of their

- This edition once again emphasizes the importance of conducting a feasibility analysis and creating a business plan for a successful new venture. Chapter 4, “Conducting a Feasibility Analysis and Designing a Business Model,” offers comprehensive coverage of how to conduct a feasibility study for a business idea and then how to create a sound business model for the ideas that pass the feasibility test. This content will enable students to avoid a common mistake that entrepreneurs make: failing to define and test a viable business model *before* they launch their businesses.
- This edition features an updated, attractive, full-color design and a layout that includes an in-margin glossary and learning objectives and is designed to be user friendly. Each chapter begins with learning objectives, which are repeated as in-margin markers within the chapter to guide your students as they study. Attention-grabbing graphics help visually-oriented students learn more effectively.
- Chapter 3, “Inside the Entrepreneurial Mind: From Ideas to Reality,” explains the creative process entrepreneurs use to generate business ideas and to recognize entrepreneurial opportunities. This chapter helps students learn to think like entrepreneurs.
- Chapter 10, “E-Commerce and the Entrepreneur,” serves as a practical guide to using the Internet as a marketing and business tool and offers helpful advice for engaging successfully in mobile commerce. The Internet will be at the core of many of the businesses students will start, and they must have a solid understanding of the pitfalls to avoid and how to build a successful e-commerce strategy.
- Chapter 14, “Sources of Financing: Equity and Debt,” gives students a useful overview of the various financing sources that are available to entrepreneurs with plenty of practical advice for landing the financing they need to start or grow a business. In the difficult search for capital, many entrepreneurs take the first financing that becomes available, even though it often proves to be a poor choice. This chapter enables students to identify multiple sources of financing and evaluate the ones that are best for their particular situations.
- On MyLab Entrepreneurship, MediaShare for Business provides a robust video library and a powerful interface that help you connect course concepts to the business world.
- On MyLab Entrepreneurship, students can complete Auto-graded and Assisted-grading writing questions that cut down on your grading time so you can spend more time teaching.



RECOMMENDED ASSIGNMENTS

DBA Forms of Business Ownership MC2 (5.46)	Ecoist Strategic Product Development MC2 (6.23)	Fresher than Fresh Economics StudentJpl (6.27)	Fresher than Fresh Economics StudentJpl (6.27)	Johnny Cupcakes Financial and Cash Flow Mgmt MC2

Select All

MyLab Entrepreneurship

If your instructor is using MyLab Entrepreneurship, go to www.pearson.com/mylab/entrepreneurship for Auto-graded writing questions as well as the following Assisted-graded writing questions:

1. Briefly describe the role of the following groups in entrepreneurship: young people, women, minorities, immigrants, part-timers, home-based business owners, family business owners, copreneurs, corporate castoffs, corporate dropouts, social entrepreneurs, and retired Baby Boomers.
2. What contributions do small businesses make to our economy?

MyLab Entrepreneurship

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Deliver trusted content

You deserve teaching materials that meet your own high standards for your course. That's why we partner with highly respected authors to develop interactive content and course-specific resources that you can trust—and that keep your students engaged.

Empower each learner

Each student learns at a different pace. Personalized learning pinpoints the precise areas where each student needs practice, giving all students the support they need—when and where they need it—to be successful.

Teach your course your way

Your course is unique. So whether you'd like to build your own assignments, teach multiple sections, or set prerequisites, MyLab gives you the flexibility to easily create *your* course to fit *your* needs.

Improve student results

When you teach with MyLab, student performance improves. That's why instructors have chosen MyLab for over 15 years, touching the lives of over 50 million students.

Developing Employability Skills

In a recent survey by the Cooperative Institutional Research Program, 85 percent of college freshmen say that the main reason they decided to go to college is to secure a better job when they graduate. Whether you plan to pursue a career in entrepreneurship or some other field, the lessons you learn in your entrepreneurship course and from this book will help you secure a better job because the principles of entrepreneurship apply to *every* avenue of life. Whether you choose to start your own businesses or work for someone else in a for-profit or nonprofit organization, the skills you will learn in this course with the help of this book will be extremely valuable to you. Recent surveys show that employers value the following skill sets in the people they want to hire, and your course and this book will help you develop and enhance your abilities in these areas:

- **Critical Thinking and Problem Solving.** Every successful entrepreneur must engage in critical thinking and problem solving. Launching and running a successful company is a perpetual exercise in these areas. In this book, you can hone your critical thinking and problem-solving skills by tackling the “You Be the Consultant” and the “Beyond the Classroom” features that appear in every chapter. In addition, if one of the course requirements is to prepare a business plan, you will learn firsthand how to think critically and solve problems.

- **Communication Skills.** Successful entrepreneurs are good communicators. This book and the assignments you complete as part of the class will enhance your written and verbal communication skills. As part of entrepreneurs' search for capital, they must create well-written, coherent business plans and pitch their ideas to potential lenders and investors. Chapter 5, “Building a Solid Strategic Plan and Crafting a Winning Business Plan,” teaches you how to write a plan that not only will help you build successful businesses but also will convince potential lenders and investors to put up financing for them. This chapter also explains how to make a successful business plan presentation. If the class involves developing a business plan (and perhaps participating in a business plan competition), you will learn important written and oral communication skills.

You Be the Consultant

College: The Ideal Place to Launch a Business

For growing numbers of students, college is not just a time of learning, partying, and growing into young adulthood; it is fast becoming a place for building a business. Today, more than 2,200 colleges and universities offer courses in entrepreneurship and small business management, and many of them have trouble meeting the demand for these classes. Today, entrepreneurship has become a mainstream activity on college campuses around the globe. Greater numbers of students are pursuing careers in entrepreneurship and see their college experience as an opportunity to get an early start not only by studying entrepreneurship but also by putting what they learn into practice. Bill Aulet, head of the Martin Trust Center for MIT Entrepreneurship, says that faculty members who teach entrepreneurship must nurture the spirit of a pirate in their students while teaching them how to execute their start-up plans with the precision of a Navy SEAL. In addition to regular classroom courses, colleges increasingly are building an extra dimension in their entrepreneurship programs, including internships with start-ups, consulting jobs with small businesses, mentoring relationships with other entrepreneurs, networking opportunities with potential investors, and participation in business plan competitions. Allan R. Cohen, the dean of the graduate program at Babson College, says that entrepreneurial education is a contact sport, and many colleges are adding boot camp–like courses to their curricula. As the following examples prove, many college students expect to apply

and coaches often overlook talented athletes, who get only a handful of scholarship offers. That was the position that Samantha Weber found herself in during her last year of high school. Although things worked out well for Weber, who enrolled in Grove City College in Grove City, Pennsylvania, where she played varsity soccer for four years, the student-athlete decided to do something to help improve the recruiting process. During her senior year at Grove City College, while playing soccer and taking a full schedule of classes, Weber, just 21, created an athletic recruiting app, ProfilePasser, that connects high school athletes and college coaches at showcase tournaments. Student-athletes create their own profiles using the app, and when college coaches check in at a tournament, they have access to every player's profile and can use a search function to find athletes who fit a particular set of characteristics. ProfilePasser was one of only nine start-ups recently accepted into AlphaLab, Pittsburgh's leading business accelerator. Weber already has raised more than \$25,000 in private financing and has attracted a “who's who” group of advisors, including her older sister, Alexa Andrzyszewski, founder of Foodspotting, a company that OpenTable recently bought for \$10 million.

FiscalNote

Students Jonathan Chen (University of Maryland), Timothy

Beyond the Classroom . . .

- 1-15. Choose an entrepreneur in your community and interview him or her. What's the “story” behind the business?
- 1-16. How well does the entrepreneur fit the entrepreneurial profile described in this chapter?
- 1-17. What advantages and disadvantages does the entrepreneur see in owning a business?
- 1-18. What advice would he or she offer to someone considering launching a business?
- 1-19. Select one of the categories under the section “The Cultural Diversity of Entrepreneurship” in this chapter and research it in more detail. Find examples of business owners in that category and prepare a brief report for your class.
- 1-20. Search through recent business publications or their Web sites (especially those focusing on small companies, such as *Inc.* and *Entrepreneur*) and find an example of an entrepreneur, past or present, who exhibits the entrepreneurial spirit of striving for success in the face of failure. Prepare a brief report for your class.

- **Teamwork.** Research shows that businesses started by multiple founders have higher success rates than those started by solo entrepreneurs. Even if you choose to start businesses on your own, you will learn very quickly to rely on the help of other people to build it. In other words, you will learn the power of teamwork and collaboration. Chapter 17, “Building a New Venture Team and Planning for the Next Generation,” will help you learn these skills.
- **Leadership.** One of an entrepreneur’s most important skills is *leadership*. Effective leaders create a vision for their companies, convince other people to believe in and commit to it, develop a plan to implement the vision, and sustain the effort to accomplish it. Chapter 17, “Building a New Venture Team and Planning for the Next Generation,” explains the behavior of successful leaders. Building a company will test and improve your leadership skills.
- **Creativity.** Whatever their business, employers are seeking creative talent. In Chapter 3, “Creativity and Innovation: Keys to Entrepreneurial Success,” you will learn about the creative process and how to enhance both your personal creativity and the creativity of the people in your business. Throughout this book and course, you will experience the incredible creativity that entrepreneurs demonstrate.
- **Ethics and Social Responsibility.** One of a company’s most valuable assets is its reputation. A company’s reputation is critical to its success, but it also is quite fragile. One employee acting in an unethical fashion can destroy a company’s good reputation. Employers seek employees in whom they can have confidence to do the right thing when faced with an ethical dilemma. In Chapter 2, “Ethics and Social Responsibility: Doing the Right Thing,” you will learn basic principles of ethics and social responsibility. Often, entrepreneurs and employees fall into ethical traps that are cloaked in the garb of mundane decisions. This chapter will help you avoid these traps by making you aware of the issues and how to address them.

You may choose to use these skills in your own businesses or in someone else’s business or nonprofit organization; either way, these skills are essential to your success. Moreover, it is only through the aggregate of your educational experiences that you will have the opportunity to develop many of these skills that employers have identified as critical to success in the workplace. As you can see, in this course, and specifically in this book, you will have the opportunity to develop and implement these skills.

The Pitch: Making the Business Plan Presentation

Entrepreneurs who are informed and prepared when requesting a loan or an investment impress lenders and investors. When entrepreneurs try to secure funding from lenders or investors, the written business plan most often precedes the opportunity to meet face-to-face. In recent years, some investors have moved away from requiring the submission of a formal business plan and instead have based their interest on the entrepreneur’s presentation of the business model. However, even in these situations, sound planning is required.

Leadership: An Essential Part of an Entrepreneur’s Job

To be successful, an entrepreneur must assume a wide range of roles, tasks, and responsibilities, but none is more important than the role of leader. Some entrepreneurs are uncomfortable assuming this role, but they must learn to be effective leaders if their companies are to grow and reach their potential. Leadership is the process of influencing and inspiring others to work to achieve a common goal and then giving them the power, the incentive, and the freedom to achieve it. Without leadership ability, entrepreneurs—and their companies—never rise above mediocrity. Entrepreneurs can learn to be effective leaders, but the task requires dedication, discipline, and hard work. In the past, business owners often relied on an autocratic management style, one built on command and control. Today’s workforce is more knowledgeable, has more options, and is more skilled and, as a result, expects a different, more sophisticated style of leadership. Millennials, the 80 million Americans born between 1981 and 1997, now make up nearly 35 percent of the U.S. workforce and demand a more open, participative, inclusive, and flexible leadership typology.¹ Leadership is no lon-

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This title is available as an eBook and can be purchased at most eBook retailers.

Essentials of Entrepreneurship and Small Business Management, 9/e, has stood the test of time and contains a multitude of both student- and instructor-friendly features. We trust that this edition will help the next generation of entrepreneurs to reach their full potential and achieve their dreams of success as independent business owners. It is their dedication, perseverance, and creativity that keep the world's economy moving forward.

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Special Note to Students

We trust that this edition of *Essentials of Entrepreneurship and Small Business Management* will encourage and challenge you to fulfill your aspirations as an entrepreneur and to make the most of your talents, experience, and abilities. We hope that you find this book to be of such value that it becomes a permanent addition to your personal library. We look forward to the day when we can write about your entrepreneurial success story on these pages.

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