Foreword

I am pleased to introduce you to the Fourth Edition of the Program for Acquiring Competence in Entrepreneurship (PACE). PACE represents our continuing effort to respond to the needs of the education and business communities. At no other time in history has understanding entrepreneurship been as important. For one thing, promoting entrepreneurship carries the societal imperative as small businesses as a whole contribute much to the growth and renewal of regional and national economies.

When first published in the late 1980s, PACE properly emphasized that entrepreneurship was based as much on sound planning as having products and services that were responsive to the marketplace. Through its various revisions, PACE continued to focus on the general importance of planning and managing the startup of a small business.

The current PACE edition represents a necessary break from past versions in both its format and some content. For one thing, the text format has been substantially changed from paragraphs to a series of related sections with subheadings. This change allows readers to have greater accessibility to the information, whether it is delivered via a printed booklet or a technology-based approach. And the format allows the instructor/facilitator to have greater flexibility in selecting content to accommodate the needs of various audiences and settings.

In terms of the content, PACE continues to emphasize the importance of planning and managing of a small business. But it now includes a renewed emphasis on meeting customer expectations. Any business cannot exist without a comprehensive understanding of who receives its products or services. In this sense, PACE introduces the topic of conducting e-commerce. Until recently, the entrepreneurial horizon may have been limited to serving local customers only. The advent of the Internet offers the promise of serving many more customers, but not without the accompanying challenges.

This edition was supported in part by a grant from OSU Extension and in partnership with OSU South Centers – Piketon. We hope that PACE will provide you with the understandings necessary to help you to achieve your entrepreneurship goals.

Ronald L. Jacobs
Director
Center on Education and Training for Employment
Overview

Introduction  The economy experiences growth when new resources or factors of production are realized. Entrepreneurship is one of the four factors of production along with land, labor, and capital. This module presents you with the opportunity to evaluate your personal traits, likely motives, and the goals you have in order to determine whether you have what it takes to succeed as an entrepreneur.
Overview, Continued

Rationale
The success of your business venture depends on your qualifications and how seriously you take the evaluation of your attributes and motives.

Objectives
By the conclusion of this module, you will be able to:

- Describe entrepreneurship including:
  - how it impacts American business
  - the risk involved in entrepreneurship
  - the key motivators for entrepreneurs.
- Assess your own potential to succeed as an entrepreneur based on:
  - personal traits
  - natural aptitudes
  - acquired skills and abilities.
- Define the foundation for success as an entrepreneur including:
  - identifying the common reasons and motives
  - comparing the advantages and disadvantages
  - promoting a professional image.
- Explain the various types of goals and objectives including:
  - how to revise them
  - how to make them attainable.

Relevant NCSEE standards
This module aligns with the following National Content Standards for Entrepreneurship Education (NCSEE):

A.01 Explain the need for entrepreneurial discovery.
A.02 Discuss entrepreneurial discovery processes.
B.12 Describe desirable entrepreneurial personality traits.
B.14 Determine interests.
B.15 Evaluate personal capabilities.

More information on the NCSEE is available at http://www.entre-ed.org/Standards_Toolkit.

Continued on next page
Overview, Continued

Topics

The topics in this module are:

<table>
<thead>
<tr>
<th>Topic</th>
<th>See Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>What Is an Entrepreneur?</td>
<td>4</td>
</tr>
<tr>
<td>Part I – Personal Inventory</td>
<td>6</td>
</tr>
<tr>
<td>• Personal Traits</td>
<td>7</td>
</tr>
<tr>
<td>• Natural Aptitudes</td>
<td>9</td>
</tr>
<tr>
<td>• Acquired Skills and Abilities</td>
<td>11</td>
</tr>
<tr>
<td>Part II – The Foundation for Success</td>
<td>13</td>
</tr>
<tr>
<td>• Reasons and Motives</td>
<td>14</td>
</tr>
<tr>
<td>• Comparison of Advantages and Disadvantages</td>
<td>15</td>
</tr>
<tr>
<td>• Your Professional Image</td>
<td>17</td>
</tr>
<tr>
<td>Part III – Goals and Objectives</td>
<td>18</td>
</tr>
<tr>
<td>• Revising Goals</td>
<td>19</td>
</tr>
<tr>
<td>• Making Goals Attainable</td>
<td>19</td>
</tr>
</tbody>
</table>

Exhibits

The exhibits in this module are:

<table>
<thead>
<tr>
<th>Exhibit</th>
<th>See Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>Reasons and Motives</td>
<td>14</td>
</tr>
<tr>
<td>Summary of the Advantages and Disadvantages</td>
<td>16</td>
</tr>
</tbody>
</table>

Before you begin

After reviewing the above objectives for this module, determine whether you can already meet those objectives and consult your instructor if you can.
What Is an Entrepreneur?

**Definition**

An entrepreneur is an individual who undertakes the task of operating a small business. Entrepreneurship involves all the functions involved in providing goods and/or services to consumers, including the social responsibility and legal requirements that come with the territory.

**Impact of small business**

Entrepreneurs operate businesses with fewer than 500 employees but collectively employ more than half the workers in the United States.

**Risk involved in small business**

There’s always risk involved with entrepreneurship because you can never be completely sure about what the needs and wants of the marketplace will be in the future. That’s why planning is a key element of forming a business.

Note: Entrepreneur is derived from the French word for “undertake,” which is appropriate since the small business owners undertakes many risks when starting a company.

**Motivators for the small business owner**

**Key motivator** – Entrepreneurs derive motivation from the fact that failure looms if the business venture is unprofitable. In order to earn enough money to obtain basics for living (food, clothing, and shelter), profitability is the key motivator for small business owners, but not the only one.

**Other motivators** – Although earning enough money to satisfy the basic needs is paramount, small business owners are also often motivated by a social conscience and higher level needs such as:

- protection
- infrastructure
- education
- health care
- environment.

Continued on next page
What Is an Entrepreneur? Continued

**Challenges for the small business owner**

The development of a nation and the prosperity of its people fuel the needs of the marketplace. Successful entrepreneurs are faced with the daunting challenge of continually anticipating the changing marketplace in order to ensure both the continued prosperity of the nation and their personal security and satisfaction.

**Example – Thomas Edison**

One of the best examples of an American entrepreneur is Thomas Edison. In 1878, Edison told people that he would invent a light that didn’t use gas or flame, and the next year he invented the electric light bulb.

With the spirit of entrepreneurship guiding his work, Edison continued to turn out inventions with the systematic precision of a well-oiled machine. Edison believed that invention required organization and planning, and he often worked with teams of people who followed his plan to the minutest detail.

**Lesson learned** – After his voting machine was rejected by Congress because they preferred to do things the old fashioned way, Edison always researched his ideas to confirm that people really wanted his inventions before investing the time and money to produce them for the marketplace.

**Your Own Experience**

Have you known any entrepreneurs in your lifetime – successful or otherwise? It could’ve been a neighborhood paperboy who had his own paper route or a highly celebrated business owner touted in the business section of the *New York Times*. Think about the kind of people they were and the types of lives they led that made them successful or not.
## Part I

### Personal Inventory

<table>
<thead>
<tr>
<th>Introduction</th>
<th>Going into business for yourself has inherent personal and professional risks. It is critical to enter into this venture with your eyes wide open and aware of what it will take to succeed.</th>
</tr>
</thead>
</table>
| Assessing your potential | An open and honest assessment of your attributes will indicate whether you have what it takes to become an entrepreneur. Armed with this knowledge, you can bolster the areas in which you’re weak by seeking out:  
  - experience  
  - training  
  - technical support. |
| Finding the right area | Besides the above elements that enhance your performance, starting a business in an area that interests you is valuable for two reasons.  
  - The expertise that you bring to the venture serves as its cornerstone.  
  - Because managing a business requires hard work and long hours, you’ll have an advantage if you truly enjoy what you’re required to do. |
| Having vision | Most prosperous entrepreneurs are visionaries, able to see what is possible in the future. This vision fuels their passion, and it sustains the optimism and energy at the core of their success. Research indicates that the fastest growing businesses are forward thinking and goal oriented. |
| Components of success | The success of your small business depends on how well you perform on the job. Performance is a combination of the following components:  
  - personal traits  
  - natural aptitudes  
  - acquired skills and abilities. |
<table>
<thead>
<tr>
<th>Personal Traits</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Introduction</strong></td>
<td>Experts have studied entrepreneurs in order to identify the characteristics that make them more likely to be successful in the business world. Some of the most common personal traits are described below.</td>
</tr>
<tr>
<td><strong>Achievement oriented</strong></td>
<td>Almost without exception, successful entrepreneurs are highly motivated to achieve great things. They tend to be “doers” and are often very competitive.</td>
</tr>
<tr>
<td><strong>Enthusiastic</strong></td>
<td>Enthusiasm helps small business owners maintain the level of creative thinking and focused energy necessary to achieve their goals.</td>
</tr>
<tr>
<td><strong>Flexible</strong></td>
<td>Entrepreneurs have to be flexible in order to adjust to the changing marketplace and revise goals accordingly. It gives the small business owner a sense of adaptability that allows him or her the freedom to change direction in order to meet business goals.</td>
</tr>
<tr>
<td><strong>Goal oriented</strong></td>
<td>Goals give entrepreneurs a means of envisioning the future and recognizing how to make the most of milestones along the way. Each day is a chance to achieve short-term objectives and come one step closer to the ultimate goal.</td>
</tr>
<tr>
<td><strong>Hard working</strong></td>
<td>Starting and running a business is hard work. Entrepreneurs have to be willing to put in long hours and tolerate the slow progress that can be part of the experience.</td>
</tr>
<tr>
<td><strong>Non-conformist</strong></td>
<td>People who operate small businesses tend to be very independent and secure about breaking away from the crowd. They want to set their own course and are willing to accept the responsibility for the decisions they make.</td>
</tr>
</tbody>
</table>

*Continued on next page*
### Personal Traits, Continued

<table>
<thead>
<tr>
<th>Personal Trait</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Optimistic</td>
<td>An optimistic outlook allows entrepreneurs to see the potential for success in challenging situations. They don’t dwell on the negative but focus their energy on achieving positive results.</td>
</tr>
<tr>
<td>Resourceful</td>
<td>Entrepreneurs are able to accomplish a great deal by recognizing the need for certain resources, acquiring them, and then using their ingenuity to make something positive happen.</td>
</tr>
<tr>
<td>Risk taker</td>
<td>Risk is not a scary proposition to entrepreneurs. They feel that results are controllable, not a matter of luck. Small business owners are willing to take reasonable risks in order to attain their ultimate goal.</td>
</tr>
<tr>
<td>Self-confident</td>
<td>Entrepreneurs need to be very confident in the decisions they make and actions they take. They feel that their decisions are on target but are ready to make adjustments if necessary.</td>
</tr>
<tr>
<td>Strong leader</td>
<td>Sustaining a small business is full of uncertainty and major challenges. To make it through the tough times, especially in the beginning, entrepreneurs have to exhibit strong leadership and stay focused on the reward.</td>
</tr>
<tr>
<td>Tough minded</td>
<td>Entrepreneurs must be able to make difficult decisions and stick by them when others doubt the outcome. They should trust their intuition and not be frightened by the unknown as they bravely lead the way.</td>
</tr>
<tr>
<td>Self-assessment</td>
<td>Go through the list of personal traits above and identify the ones that you already have. How have they helped or hindered your professional career? From the inventory of personal traits, identify the ones that you need to strengthen in order to be an entrepreneur and determine the best way to do that.</td>
</tr>
</tbody>
</table>
PACE
Program for Acquiring Competence in Entrepreneurship
Fourth Edition

Cluster A – Exploring Entrepreneurship

Module A-1 Evaluating Your Potential as an Entrepreneur
Module A-2 Understanding the Nature of Small Business
Module A-3 Making the Most of Marketplace Opportunity
Module A-4 Investigating Global Markets

Cluster B – Planning for Business Success

Module B-1 Developing Your Business Plan
Module B-2 Finding Help for Your Small Business
Module B-3 Choosing the Right Type of Ownership
Module B-4 Developing a Marketing Strategy
Module B-5 Finding the Best Location
Module B-6 Developing a Pricing Strategy
Module B-7 Financing Your Business
Module B-8 Addressing Legal Issues

Cluster C – Business Management for the Entrepreneur

Module C-1 Managing Basic Business Functions
Module C-2 Managing Your Human Resources
Module C-3 Promoting Your Business
Module C-4 Maximizing Sales
Module C-5 Maintaining Accurate Records
Module C-6 Managing Your Finances
Module C-7 Extending Customer Credit
Module C-8 Minimizing Risk
Module C-9 Maintaining Operations
Module C-10 Conducting E-Commerce