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Entrepreneurship

PEGGY LAMBING

CHARLES R. KUEHL

ENTREPRENEURSHIP

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ENTREPRENEURSHIP

PREFACE

Life as an entrepreneur is a very challenging, but rewarding, career choice. Within recent years, the number of individuals who have chosen this option has increased substantially because changes in the marketplace have created both displacement and opportunities. The “downsizing” of many large corporations has caused massive layoffs at the same time that changes in technology and consumer behavior have generated new business opportunities. Many former corporate executives have chosen to start a business, not because it has guaranteed them financial success but because it has given them more control over their careers. In addition, a few executives who survived the initial cutbacks chose to leave on their own terms before they were targeted in the next round of layoffs.

Rapid improvements in technology have also helped fuel the increase in small business. Technological changes have made it much easier to start a home-based business. This has appealed to many people who are trying to balance family and business concerns. Many entrepreneurial couples have emerged, their marriages and careers intertwined.

Finally, the increasing demand for services (including day care, home maintenance, and auto repair) has created a market for entrepreneurs who are able to meet these needs. Services cannot be mass produced. Entrepreneurs have established businesses to service the customer on an individual basis.

THIS BOOK

The decision to start a business has a substantial impact on both the life and family of the entrepreneur. This book is divided into several parts to help the entrepreneur make the necessary decisions that should be made only after careful consideration and planning.

Part 1 provides background information, and includes topics such as the role of small business as an economic force; family-owned businesses; and the effect of the company's growth on the entrepreneur's satisfaction. There are also separate chapters on starting a business; buying an existing business; and franchising.

Part 2 is a detailed approach to writing a business plan. Each section of the business plan is carefully explained to lead the entrepreneur through the planning process. At the end of the text, Appendix A provides a step-by-step approach to writing a business plan.

The book also includes a business plan that an entrepreneur considered for starting a new drive-through restaurant. Readers are encouraged to review the plan and identify its strengths and weaknesses.

The text also includes authentic cases to provide examples of situations that other entrepreneurs have faced. Their experiences and decisions are excellent learning tools for those who are just beginning the entrepreneurial process.

SUPPLEMENTARY MATERIALS

This text is accompanied by an instructor's manual/test bank and a computer disk for the business plan. The computer disk follows the format outlined in Appendix A and is designed to simplify the task of business plan writing.

CHANGES IN THE SECOND EDITION

The second edition contains many changes, additions, and updated information. Some of the new material in the first half of the book includes:

- recent research concerning the decision to become an entrepreneur.
- an updated chapter reflecting the changes in women-owned and minority-owned businesses
- current information on new product development, licensing, recent changes in patent law, and patent searches on the Internet
- a new chapter on exporting and importing
- new Internet-related cases on Auto-By-Tel and Wired Ventures, Inc. as well as cases on Boston Market, The Body Shop, and the many entrepreneurs in the beverage industry

Changes were also made to the second half of the book concerning the business plan. These changes include:

- a practical step-by-step approach to pricing
- addresses to helpful Internet sites, and
- information on marketing a product online.

A new business plan, "Bagels and Burger," is also included for students to critique.

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Finally, we thank WordCrafters Editorial Services. Their patience and professionalism were truly appreciated.

*Peggy A. Lambing
Charles R. Kuehl*

ABOUT THE AUTHORS

Peggy Lambing has experienced entrepreneurship from several perspectives—as a business owner, as a small business consultant, and as an educator. She and her husband owned a tool and equipment distributorship during the 1980s which was sold at a profit after five years. She has provided small business consulting services for eighteen years, specializing in helping entrepreneurs obtain financing. In addition, she has taught Entrepreneurship and Small Business Management classes at the University of Missouri/St. Louis since 1980 and has served as the director of the university's Small Business Institute program. She received her bachelor of science in business administration and a masters degree in business from the University of Missouri/St. Louis.

Charles R. Kuehl is a member of the Management faculty at the University of Missouri/St. Louis. He has published in various scholarly journals and is co-author of *Small Business: Planning and Management*, 3e. He has received his baccalaureate, masters and doctoral degrees from the University of Iowa. His teaching and research areas include entrepreneurship, strategic management, international business and organizational behavior.

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CHAPTER

1

ENTREPRENEURSHIP TODAY

KEY POINTS

- Entrepreneurship emerged as a leading economic force during the 1980s and the 1990s.
- The nature of the United States economy is undergoing important changes as we end the century.
- Countries around the world have discovered entrepreneurship as a source of economic vitality.
- Small business has attributes that make it possible to compete successfully with much larger organizations.