



GOT A BUSINESS IDEA??
Being a Successful Entrepreneur – It Ain't Easy!

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What is Entrepreneurship? (It is what entrepreneurs do.)

An entrepreneur is a person who sees opportunity, sizes up its value and finds the resources to make the most of it. Entrepreneurs are innovators. Entrepreneurs are usually thought of as people who start businesses. This thinking certainly matches the subject of this paper. However, entrepreneurs can exist in other environments. Entrepreneurs can be found in large, complex, bureaucratic business firms and in all other types of organizations (government, academic, non-profit). In such organizations, entrepreneurs probably make many other employees uncomfortable, because they are looking for new ways to do things and new things to do; and they are pushing their organization to move to follow up on new ideas.

Because they are much less constrained by organizational bureaucracies, entrepreneurs are probably most commonly found (or at least most easily identifiable) in small businesses.

All owner-operators of small businesses, however, are not entrepreneurs. Many people who run small businesses took them over from someone else (purchased or inherited them). Such individuals may be very content to manage their business over time with little significant innovation or change. The lives of such business managers, and the lives of their families, are likely to be less stressful than the lives of entrepreneurs and their families. However, entrepreneurship may become important in such a business if markets change and the business declines. Then new ideas may be necessary to keep the business viable.

A business that requires just management (little creativity and few new ideas) will probably not hold an entrepreneur's interest for very long. So an entrepreneur is likely to sell such a business to someone more interested in day-to-day management.

Clearly, a problem inherent in the process specified above is that entrepreneurs are often not very interested in just running a business (and may not be very good at it), and good managers may have difficulty generating and implementing the new ideas that keep businesses viable over time. So everybody does not have what it takes to be an entrepreneur, and the world would probably be a rather frantic and poorly managed place if everybody was an entrepreneur. However, entrepreneurs are important for bringing creativity, new ideas and competitiveness into the business world. Entrepreneurship is responsible for most successful new businesses and most successful innovations in existing businesses.

Diagnosing Entrepreneurship – Personality Traits of Entrepreneurs

All people that society accepts as “normal” have pretty much the same personality traits. However, who we are as individuals is often defined by how those “normal” personality traits are weighted within ourselves. We all have some creativity. We all have some things about which we are willing to be assertive. We all have some things that we like to do so much that we have no problem sticking to tasks, as long as they are within the set of things that we really like to do.

Entrepreneurs can be defined by some of the “normal” human personality traits that are weighted most heavily in their individual personalities. Entrepreneurs tend to be self-starters. They have lots of initiative, and don’t mind jumping into projects with minimal guidance. In fact, when entrepreneurs are told how to do something, they may be challenged to try to find a way to do it different and better. They are energized by working with people. Consequently, they are generally good at organizing people to get jobs done, and they are often good leaders.

Entrepreneurs don’t mind taking responsibility. This probably goes along with their initiative. They are willing to decide how something should be done, then move forward. They are good decision makers (or they are at least comfortable making decisions). They don’t mind being assertive, especially when they think they know how to overcome obstacles.

Entrepreneurs tend to be willing to take risks (at least calculated risks). This characteristic matches up with initiative, assertiveness, and willing to take responsibility. Each of these often involves risk.

A worksheet that you can use to evaluate your personality traits as they relate to entrepreneurship is shown in Figure 1. This worksheet is used in an entrepreneurship course that is taught at Oklahoma State University (Stanforth and Muske).

Personal and Family Considerations for Entrepreneurs

Small entrepreneurial businesses, and especially small entrepreneurial agricultural businesses usually involve families, either directly or indirectly. Family members commonly work together in such businesses. Alternatively, some family members may work in the business while others work elsewhere to make money to support the business or to support the family while the business develops toward profitability. In addition, small businesses, especially those that are new and developing, take lots of time and attention. So people involved in such businesses may not have as much time for traditional family activities as do their non-entrepreneurial neighbors.

Families considering entering into small entrepreneurial businesses should consider how their family lives will be affected, and whether they are prepared to deal with these effects. The worksheet shown in Figure 2 is used in a comprehensive business planning

Figure 1.

Personality Traits for Entrepreneurs Rating Worksheet

Test yourself by checking the following questions. There are no right or wrong answers. Circle the answer that indicates what you feel or comes closest to it. Be honest with yourself.

1. Initiative/Self starter

- a) I do things on my own. No one has to tell me to get going.
- b) If someone gets started, I keep going all right.
- c) Easy does it. I don't put myself out until I have to.

2. Attitude Toward Others

- a) I like people. I get along with just about anyone.
- b) I have plenty of friends; I don't need anyone else.
- c) Most people irritate me.

3. Leadership

- a) I can get people to go along when I start something.
- b) I can give orders if someone tells me what we should do.
- c) I let someone else get things moving; then I go along if I feel like it.

4. Responsibility

- a) I like to take charge of things and see them through.
- b) I'll take over if I have to, but I'd rather let someone else be responsible.
- c) There's always some eager beaver around wanting to show how smart he or she is. I say let them.

5. Organizer

- a) I like to have a plan before I start. I'm usually the one to get things lined up when the group wants to do something.
- b) I do all right unless things get too confusing; then I quit.
- c) Just when I'm all set, something comes along and presents too many problems, so I just take things as they come.

6. Industrious

- a) I can keep going as long as I need to. I don't mind working hard for something I want.
- b) I'll work hard for awhile, but when I've had enough, that's it.
- c) I can't see that hard work gets me anywhere.

7. Decision Maker

- a) I can make up my mind in hurry if I have to and it usually turns out okay, too.
- b) I can, if I have plenty of time, make good decisions. If I have to make up my mind fast, I think later I should have decided the other way.
- c) I don't like to be the one who has to decide things.

8. Sincerity

- a) People can trust what I say. I don't say things I don't mean.
- b) I try to be on the level most of the time, but sometimes I just say what's easiest.
- c) Why bother if the other fellow doesn't know the difference.

9. Stick to it/Perseverance

- a) If I make up my mind to do something, I don't let anything stop me.
- b) I usually finish what I start if it goes well.
- c) If it doesn't go right away, I quit. Why beat my brains out?

10. Physical Energy

- a) I never run down.
- b) I have enough energy for most things I want to do.
- c) I run out of energy soon than most of my friends seem to.

11. Independence

- a) Independence is important to me.
- b) At times I like not having to make decisions.
- c) I don't want to be in charge.

Figure 1 (Cont.).

12. Assertiveness

- a) I am confident I can meet and overcome obstacles.
- b) Usually obstacles do not block me from achieving what I want.
- c) I often run into things that block me from achieving my goal.

13. Creativity

- a) I enjoy trying new ideas and experimenting to improve the situation
- b) Innovation is helpful at times but being too inventive often wastes time.
- c) There are good reasons to stick to current way of doing things.

14. Realistic

- a) I generally find myself able to complete my plans.
- b) My plans get done some of the time.
- c) My plans are rarely accomplished. There is never enough time or resources.

15. Entrepreneurial Spirit

- a) I am willing to take calculated risks with my property when I have a chance to gain by doing so.
- b) I take risks when the odds are highly likely of my succeeding.
- c) If I have any chance of losing, I won't take a chance.

16. Self Awareness

- a) I understand my potential and myself.
- b) I am hesitant about what I can do, but I try to push myself.
- c) I don't try anything.

17. Ability to Work With Others

- a) I enjoy working with other people. I find I can be a team leader.
- b) I sometimes find it hard to work with others.
- c) I do my best work alone.

Now count the number of times you circled either "a", "b", or "c". Record that number in the spaces provided below.

Answer "a" _____ Answer "b" _____ Answer "c" _____

If you circled "a" twelve or more times, you probably have lots of entrepreneurial skills. If you checked "c" nine or more times, entrepreneurship may not be your strong suit.

Figure 2.

Personal and Family Considerations Worksheet

Personal Considerations		Strongly Agree	Agree	Disagree	Strongly Disagree
1.	I have no problem working 10-12-hour days, six days a week, including holidays.				
2.	I know I can work productively for long hours and meet deadlines, no matter what it takes.				
3.	Foremost among my personal goals is the freedom to pursue my own ideas.				
4.	I am prepared to lose my savings.				
5.	I can go without a vacation for a year.				
6.	It is important to me to create my own space in which to work.				
7.	At the expense of professional stability and perhaps higher income, it is important to me to be able to determine when and where I work.				
8.	When I think about the future, I envision positive, new growth opportunities.				
9.	I am prepared to sacrifice money and/or time to commit to community, religious or charity obligations during the first five years of my business.				
10.	If I needed to, I could keep a full-time job and run my ag-business on the side.				
11.	I would rather spend less time working at my non-agricultural business job.				
12.	I too often sacrifice things I like to do for the sake of the business.				
13.	My current ag-business doesn't hold my interest or use my skills very well.				
14.	I wouldn't mind if our new enterprise took a few calculated risks to make more money.				
15.	I would be willing to borrow money to finance the new agricultural enterprise.				
16.	If the new agricultural enterprise fails, I would continue working in the agricultural business.				
Family Considerations		Strongly Agree	Agree	Disagree	Strongly Disagree
17.	My family obligations rank number one on my list of priorities.				
18.	My family will tolerate my working 60 hours or more per week.				
19.	My family is prepared to lose the family savings.				
20.	I have the enthusiastic support of my family to pursue an entrepreneurial venture.				
21.	Our family spends adequate time together.				
22.	Our family usually has enough spending money.				
23.	We don't mind talking business when the whole family is together.				
24.	Family relations do not get strained when there isn't enough money.				
25.	The agricultural business is not too much for the family to handle now.				
Future Considerations		Strongly Agree	Agree	Disagree	Strongly Disagree
26.	It is important to me that the business provides more income in the future.				
27.	Being able to stay on the land is more important than making more money.				
28.	The family should always come before the business.				
29.	I'd like to maintain my present role in the agricultural business or off-premise job.				
30.	It is very important for the children to work in our agricultural enterprise.				
31.	I would like to have more responsibility in the agricultural business in the future.				
32.	I am willing to work harder than I do right now.				

course for agricultural entrepreneurs (Wold, et al.). This worksheet can be a useful tool to get family member concerns about starting a small business entrepreneurship “on the table” for discussion before business decisions affecting all family members are made. To use this worksheet, each family member should fill out a separate copy indicating their personal feelings (there are no wrong answers). Then results can be summarized and discussed. Remember, there are no wrong answers.

Focus, Focus, Focus!

By their nature, entrepreneurs are creative people. They have lots of ideas -- usually more than they can carry out. So it can be very important for entrepreneurs to focus on just one, or at most, a very few good ideas. If you are considering going into an agricultural-related business, and you are trying to decide on what enterprise or enterprises that business should be based, focus on what you know you can produce and what you are pretty sure you can market. It's even better to focus on what you know you can market, but that is difficult to know until you know costs of production, thus minimum break-even prices of products.

A procedure to help you focus your ideas should include the following steps:

- Make a list of the products you are considering for your business.
- Put check marks by those products you know you can produce (you have tried it, or you have seen others do it, and you are sure you can do it also).
- Put a second check mark by those products you are pretty sure you can market (you have tried it, or you have seen others do it, and you are sure you can do it also).
 - If you don't have two checks by any of the products you have listed, you need to do further research on those products before you even consider adopting them as part of your business product line.
 - If you have checked products as “producible,” but not as “marketable,” go look for examples of how these products are marketed.
 - If you can find no marketing examples of products you know you can produce, you may want to use information in the **Market Before You Produce** section of this paper, and from other sources (maybe a small business improvement center near you -- see **References**) to help you with market analysis of producible alternatives listed.
- If you have checked both “producible” and “marketable” for some of the product alternatives on your list, select one (or very few) of these with which you are most comfortable, and proceed through the steps outlined in the rest of this paper.

Build Good Estimates of Costs of Production

It is critical that you have the best information you can put together about what it will cost to produce any products you are considering producing and marketing in your business. To estimate costs for a good, start by making a comprehensive list of all the steps in the production process for that good. Then develop cost estimates for each of those steps. Check with input suppliers to get costs for the items required. Consider the costs of variable inputs required (seed, fertilizer, pesticides, fuel, equipment rental, equipment upkeep, custom work hired, interest on operating funds borrowed, all labor costs). You should include reasonable rates for family labor (including your own), even if this labor will not be paid for directly. This is true because you, and other family members, could be working somewhere else if you were not working in your business. So you are giving up those earnings to work in the business.

Also be sure to include prorated fixed costs (depreciation and interest on buildings and equipment, property taxes and insurance, machinery and equipment insurance, interest costs on land).

Be reasonable about estimating costs. Maybe estimate them on the "high side" rather than on the "low side."

Another important aspect of estimating costs is estimating the timing of costs and of cash receipts (cash flow). To do this, you will need to think about when you will need each input, when products will sell (and for how much), and when you will get paid for products sold. This process is important to determine if available cash and expected receipts will be sufficient to meet projected disbursements. If projected disbursements exceed cash available, then borrowed funds will be necessary to meet these cash needs. If this is the case, then costs of such borrowed operating capital (interest and finance charges) must be included in estimated costs of production.

You can get help in estimating costs of production (especially for agricultural enterprises) from University of Idaho Extension. Also, refer to the publication by Robert L. Smathers that is listed in the references at the end of this paper.

Market Before You Produce

If you have worked through all of the steps for entrepreneurial decision making specified above in this paper, then you have considered a number of marketing issues. That is very appropriate, because marketing can be defined as everything you do to ready your goods and services for the marketplace. The reason a business exists is to sell goods and services to customers, or in other words, to meet the needs of customers. So good marketing is really about customers and their needs, not about products. Products are planned and produced in a business only to meet the needs of customers.

As you think about how to market your products, think about customer needs first, then think about products, competition, place (where are the customers, where is the competition, and where are your products -- goods and services), pricing, packaging, and promotions. As you consider how to market your goods and services, consider each of the marketing issues listed above both separately and as each issue relates to each one of the other issues.

Now try to write a statement specifying the customer needs you plan to satisfy with each of the goods and services you plan to market. Then, for each good and service you plan to market, answer each question specified below. Do not hesitate to write a few paragraphs if you think it is necessary to do so to finish a statement or answer a question.

- In order to best meet customer needs my products must have what specific characteristics?
- In order to best meet customer needs my products must be available where?
- In order to best meet customer needs I must do a better job than my competition at what?
- How should I price my product in order to best meet customer needs?
- How should I package my product in order to best meet customer needs?
- How should I promote my product in order to best meet customer needs?

So You Still Think Your Idea is a Good One?

After thinking through and working through all of the issues discussed above, do you still believe your business idea might work? If you can answer this question in the affirmative, it's now time to get serious help to do some in-depth analysis and planning. You need to develop a comprehensive business plan. This effort, if you do it right, will take 50 or more hours, and will work best if done over a 10-15 week period. This may be a lot of work, but you are thinking about risking your life savings, your kids' college educations and maybe your marriage.

Developing such a comprehensive business plan is critically important to the success of your business for two reasons:

1. It will help you thoroughly analyze every aspect of your business idea. You will know as much about what you were thinking about getting into as you can without actually having run the business for some time.
2. It will provide you with the necessary documentation to sell your business idea to bankers, and maybe to venture capitalists and other sources of special assistance and funding (government agencies, foundations).

Your business plan, when completed, will probably include sections on your

- business concept, mission, and goals
- background information
- organizational matters
- marketing plan
- financial plan
- conclusions

You can write your business plan on your own if you wish to do so. If this is your intent, you should look for information at a Small Business Information Center (there's one in Spokane). These are libraries of reference information, operated by an arm of the U. S. Small Business Administration for people interested in small businesses. These centers make available all types of references on all types of topics, from video tapes and computer compact discs to leaflets and fact sheets to multi-volume text books on a multitude of general and specific topics related to small businesses. Other types of entities that may be helpful in various aspects of developing business plans are Chambers of Commerce, Economic Development Districts, and other economic development associations and organizations. Finally, help for small businesses, including special courses for entrepreneurs working to write business plans, can be obtained from many sources including the University of Idaho, Lewis and Clark State College, the Idaho State Department of Commerce, and from Small Business Development Centers (see references at the end of this paper).

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- Small Business Development Center, Lewiston, Idaho, 208-792-2465, (www.lcsc.edu/isbdc).
- Small Business Information Center, West 801 Riverside (2nd floor) Spokane, Washington. 509-353-2800, (www.spokanebic.org).