

DO YOU HAVE WHAT IT TAKES TO START YOUR OWN BUSINESS?

Most of the 600,000 new business ventures started in American each year fail - that's a mighty important statistic for those who have visions of achieving the American dream. The Entrepreneurship Institute, a non-profit organization dedicated to assisting and encouraging entrepreneurship, has developed this questionnaire to help you determine whether you have the qualifications to succeed in your own business. This questionnaire is only a guideline and should merely be used as a basis for evaluating your skills. And obviously the younger the assessment taker, the lower the score – knowledge and experience come over time.

Answer the questions for yourself. After you have finished the entire questionnaire, turn the page to the scoring sheet and count your correct answers. An interpretation of each question also is provided.

	YES	NO
1. Do I have a close relative that is or was in business for him/herself?	_____	_____
2. Have I ever worked for a small firm where I had close contact with the person who started it?	_____	_____
3. Did I ever work for a small division of a larger firm where I had close contact with the top manager?	_____	_____
4. Is my work experience in a variety of functional areas, such as marketing, finance and production?	_____	_____
5. Have I ever had my employer reject my “better mousetrap” idea?	_____	_____
6. Am I between the ages of 30 and 40?	_____	_____
7. I like to do things, rather than plan things.	_____	_____
8. I have lived in three or more cities in my life.	_____	_____
9. I have been fired before.	_____	_____
10. (If I am married) my spouse is supportive of my work.	_____	_____
11. What generally happens to me is something I make happen, not something that is due to luck, good and otherwise.	_____	_____
12. If I had to make a choice between working for a firm which I do not own for twice the money I make now and running my own firm at my present compensation, I would choose to start my own firm.	_____	_____
13. When a problem comes up that everyone around me says is unsolvable, I usually try to figure out ways to solve it.	_____	_____
14. As a child, I sold lemonade or had a paper route or similar activities.	_____	_____
15. I get along well with other people.	_____	_____
16. My subordinates respect me and work hard for me, even if they don't necessarily like me.	_____	_____

SCORING: Count the number of Yes answers you gave.

KEY:	13 – 16	Yes! Get going on your business plan – you have the earmarks of entrepreneurship
	10 – 12	Think twice before taking the plunge
	6 – 9	The pension you’ll get can always be invested by others
	0 – 5	Have you considered the fact that there are over 200,000,000 Americans who are not entrepreneurs?

WHAT THE ANSWERS MEAN

1. Do I have a close relative that is or was in business for him/herself?

The available data show that the majority of entrepreneurs had father or other close relative in business for themselves. The importance of a *role model* in entrepreneurship is well documented. To make being in business for yourself *credible*, it is considered important that you see people in action who have also started firms. Strangely, studies on this variable show that a close relative entrepreneur will frequently discourage entrepreneurship in another relative, so don't be dismayed if everyone around you tells you how tough it is and why you shouldn't do it.

2. Have I ever worked for a small firm where I had close contact with the person who started it?

AND

3. Did I ever work for a small division of a larger firm where I had close contact with the top manager?

Persons who work in small firms or in small divisions of larger firms get more varied experiences than those who work in very large firms or large divisions of large firms. Because those who work in the small firm environment usually get more opportunities to work closely with the top management and/or founders of those firms, their experience pertinent to entrepreneurship is more varied and useful. When you work for such firms, you come to realize that the top manager/entrepreneur is human, and that they make mistakes. One frequently gets

the attitude from such experiences that, “If they can do it, so can I”.

4. Is my work experience in a variety of functional areas, such as marketing, finance and production?

The more functional area experiences, the better. An entrepreneur is a jack of all trades, at least initially. The entrepreneur needs to be conversant with the total functions of the enterprise, and cannot generally afford experts at first. Even if you are wealthy and can afford the experts, you need to understand their functions and how they fit together. This is best gained through education and experience. If you have worked in marketing and finance and know the other important functional areas pertinent to the business you want to start, this is a decided plus for your goal of starting your own firm.

5. Have I ever had my employer reject my “better mousetrap” idea?

More companies are started for negative reasons than for positive ones, and the reject of your idea for the “better mousetrap” is a common negative reason. Large corporations frequently do more to unwittingly encourage entrepreneurship by discouraging creativity than they know. Their reasoning is valid to them – a \$500,000,000 market is too – small for a \$500,000,000 company – but not to you, the entrepreneur. Your “pet rock” may be all right as in independent business, but not within your existing firm.

6. Am I between the ages of 30 and 40?

If you are between 30 and 40, that's probably good. These are peak years for

energy, vitally necessary for the hard work ahead of you. They also are peak years for having the variety of experience and education that can help you through the difficult first years. Age can give an edge over younger entrepreneurs. AT the same time, entrepreneurs in their 30's are not necessarily as accustomed to the comfortable life style that happens in later years, and can do "without" a bit more readily. If you are younger or older than this, don't get too upset – we find the entrepreneurial population is evenly distributed, with people forming their first corporation even in their 60's.

7. I like to do things, rather than plan things.

Most entrepreneurs like to *do*, not read, write, think or plan. Entrepreneurs are people of action. This does not mean that you cannot be successful if you like to plan. Indeed, the odds favor a planful approach, but also require action. If you are one of those fortunate persons who is at home both planning and acting, consider yourself a prime candidate for entrepreneurship.

8. I have lived in three or more cities in my life.

Mobility is a key factor in the decision to start a company. This relates to flexibility, a necessity in the beginning stages of firm. An openness and receptivity to new ideas and situations can be enhanced by variety, and movement frequently forces this flexibility. In high technology company formations studied, a very large majority of the firms were started by persons who moved around a great deal. Entrepreneurship is also related to being the "new man in town" – the lack of roots and ties found among immigrants and minorities, the displacement of people, creates the need for entrepreneurship – one of the few avenues for upward economic mobility and status.

9. I have been fired before.

Most entrepreneurs rebel at working for others – if you answered no to this question, and you think you are entrepreneurial material anyway, you probably quit before you got fired.

10. (If I am married) my spouse is supportive of my work.

Entrepreneurs get very much married to their firms. Their families usually suffer in the start up years and even beyond. This is very important – can your spouse/family withstanding the competition of your new spouse and family (the firm) and the time/financial demands imposed by it? If not, which is more important, the firm or your family? A large percentage of entrepreneurs end up in divorce court sooner or later, but a surprising number of them are very happily married. Entrepreneurship will probably not enhance a shaky marriage, and could take a happy marriage into dissolution. Before you start, talk this over very seriously at length with your spouse and family.

11. What generally happens to me is something I make happen, not something that is due to luck, good and otherwise.

Successful entrepreneurs operate in the middle ground between pure chance and luck, where *they*, not chance or luck, influence what happens to them and their firms. If you feel *you* make things happen, this is called an *internal* locus of control. If you feel other forces (luck, chance, other people's actions) make things happen to you, this is called an *external* locus of control felt by an individual, and entrepreneurs consistently score in the direction of being internally focused. If you buy lottery tickets, it does not mean that you are externally oriented, but you should realize that the odds are not in your favor and you won't have that dollar to invest in growing your firm.

12. If I had to make a choice between working for a firm which I do not own

for twice the money I make now and running my own firm at my present compensation, I would choose to start my own firm.

Most entrepreneurs desire the independence of owning and managing their own firms far more than the financial security of working for someone else. Non-entrepreneurs cannot understand that desire. Ask your spouse, if you have one, which position he/she would take. This does not mean that entrepreneurs don't desire financial independence, and most entrepreneurs start companies with the anticipation of making and retaining more money – eventually – than they are now making. That's not the overriding consideration, though, and if you and your spouse/family are at odds on this point, see the discussion about question #10 again.

13. When a problem comes up that everyone around me says is unsolvable, I usually try to figure out ways to solve it.

Entrepreneurs are usually inventive, inquisitive and aggressive. They like challenges. Solving the "unsolvable" when everyone around you gives up makes for fortunes and also for a valuable employee (which may or may not be recognized/ rewarded by your present employer). Solving the unsolvable is a capability few have, and can be useful in your own firm. However, be careful – you may be the best inventor or mechanic in the firm, but the way not to grow a successful enterprise is to spend your time inventing. Inventors are not necessarily good entrepreneurs. Inventors have a hard time giving up personal control of "pet" projects where they know everything, and find their firms don't necessarily reach their full economic potential. (Ed Land of Polaroid Corporation is an exception entrepreneur-inventor, not a rule.)

14. As a child, I sold lemonade or had a paper route or similar activities.

Developmental psychologists maintain that personality and other traits are developed quite early in life. If you did have a paper route, sold lemonade or ran your own business, that's positive, but not conclusive entrepreneurial sign. Many successful entrepreneurs never did an independent venture prior to starting their firms, but a majority did.

15. I get along well with other people.

AND

16. My subordinates respect me and work hard for me, even if they don't necessarily like me.

Entrepreneurs are often described as "doers" by many researchers. Successful entrepreneurs, however, recognize that the way to independent business financial success is through the coordinating of the work of others. If you are a potentially successful entrepreneur and you don't get along well with other people, you can still be successful, but you'll certainly have a most difficult time starting the next Xerox or Intel. It does help, however, if you command the respect and dedication of your employees, even if they don't necessarily like you and your manner. This is called leadership, and the ability to get others to do what you want them to do seems little related to pay, fringe benefit and other material amenities of life. It is related to an ability to attract and retain people who will work hard for and with you, as you build your enterprise. Without this quality, you should probably resign yourself to a small independent business of limited potential; with it, and a good product/service/market, and supportive financing, the potential for you and your enterprise to be successful is enormous.