



# Small Business and the Entrepreneur

by Sophia



## WHAT'S COVERED

You've covered small businesses in previous tutorials, but how are entrepreneurs different? This tutorial will cover small business and the entrepreneur, including the differences between the two. Our discussion breaks down as follows:

1. [Value Provided by Small Business](#)
2. [Small Business vs. The Entrepreneur](#)

## 1. Value Provided by Small Business

**Small business** is defined as an organization with less than 500 employees that attempts to earn a profit with the sale of goods or services.

A small business:

- Has 500 or fewer employees.
- Is independently owned; they're not owned by another larger conglomeration.
- Doesn't dominate the market in any one category. Instead, they're very small competitors with each other.
- Can be found in practically every business sector that's out there, such as construction, food, retail, service, etc. You name it, there are small businesses doing business in that sector.

What are the values of a small business? If it's so small, why is it so important? Well, over 50% of all sales in the United States are attributable directly to small businesses. This makes up quite a big chunk of our overall economy. Moreover, small businesses can drive innovation, provide competition, and serve niche markets that larger businesses may overlook.



### DID YOU KNOW

According to the SBA, or Small Business Administration, 2/3 of these businesses will only survive two years, so there's a very high turnover. Therefore, having an entrepreneurial spirit and getting into small business is fairly important in order to keep up the revenue numbers for the U.S.

### IN CONTEXT

Who is the Small Business Administration, anyway? Well, you can find them at [sba.gov](https://www.sba.gov), and they provide financial and organizational help to small businesses from around the country. They've helped provide long-term loans for start-up costs, expansion costs, and operating costs. They also provide organizational help in the form of how to determine the most advantageous way to set a business up, in order to decrease the chances of that business becoming one of the statistics by lasting less than two years.

They also provide advice and help on getting, bidding and winning government contracts as a separate avenue of revenue for the small business. They provide advocacy to Congress, meaning they are the government's advocacy group for small business. They understand the value of it, and they want to make sure that small business survives.



### TERM TO KNOW

#### Small Business

An organization with less than 500 employees that attempts to earn a profit through the sale of goods or services.

## 2. Small Business vs. The Entrepreneur

The **entrepreneur** is defined as a person who pursues a business venture with growth and expansion as a primary goal.

As you can imagine, being a small business person and being an entrepreneur are similar in various ways, and they're also pretty different.

| Small Business and Entrepreneurs  |   |
|---|---|
| Similarities  | Differences   |
| Profit-oriented; the reason they got in the business in the first place is to help generate profit for that business. | Entrepreneurs think of growth; not the same with all small business owners. |



### BIG IDEA

In order to have expansion and growth, it's important not only to have vision--where you *want* to be--but also a strategy on how you want to get there.

Entrepreneur

Business

Story

|                 |          |   |
|-----------------|----------|---|
| Mark Zuckerberg | Facebook | In order for Mark Zuckerberg to take Facebook from a small computer program in his Harvard dorm to a multinational, publicly owned and publicly traded company took a lot of vision. He had to have a specific plan in mind in order to get there. That's a very large step.  |
| Sam Walton      | Walmart  | Sam Walton started a Five and Dime store in Bentonville, Arkansas. When he closed that Five and Dime store and opened what we now know as Walmart in 1963, his goal was to provide retail access to underserved communities, those communities between the big cities. His goal was to open as many of these Walmarts as possible. From 1963, when Walmart was opened, to the early 1970s, when the company went public, they grew dramatically, and today they're one of the largest retailers in the world. |



#### TERM TO KNOW

##### Entrepreneur

A person who pursues a business venture with growth and expansion as a primary goal.



#### SUMMARY

Today we learned about the **value provided by small business**, especially noting that 50% of the sales generated in the U.S. are generated by small businesses. We also learned about **small business vs. the entrepreneur**. While every small business is going to be motivated by profit, being an entrepreneur requires strategy and a vision of where you want to go and how you want to get there.

Good luck!

Source: ADAPTED FROM SOPHIA INSTRUCTOR JAMES HOWARD



#### TERMS TO KNOW

##### Entrepreneur

A person who pursues a business venture with growth and expansion as a primary goal.

##### Small Business

An organization with less than 500 employees that attempts to earn a profit through the sale of goods or services.