

Title:

The Risks of Entrepreneurship

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548

Summary:

The "spark" for many entrepreneurs is seeing an opportunity that doesn't yet exist. But, no matter how innovative your idea, the competition is always just behind you.

Keywords:

entrepreneur, innovation, competition, success stories, management

Article Body:

The "spark" for many entrepreneurs is seeing an opportunity that doesn't yet exist. Ted Turner, for example, launched CNN because he perceived that people wanted more television news than they were being offered. It took a lot of patience on Turner's part to realize the vision, but he had read the market in a way that few "experts" did at the time.

In realizing the promise of CNN, Turner demonstrated another facet of the entrepreneurial spirit, persistence. There are a lot of bright ideas that never reach fruition; taking a "raw" idea and converting it into a successful business model is very hard work.

And that work never stops. No matter how innovative your idea, the competition is always just behind you. With anything less than constant creative effort on your part, they may not stay behind you.

Are you still with me? Here is where I reveal why everyone isn't an entrepreneur:

No opportunity is a sure thing, even though the path to riches has been described as, simply "...you make some stuff, sell it for more than it cost you... that's all there is except for a few million details." The devil is in those details, and if one is not prepared to accept the possibility of failure, one should not attempt a business start-up.

It is not indicative of a negative perspective to say that an analysis of the possible reasons for failure enhances our chances of success. Can you separate

failure of an idea from personal failure? As scary as it is to consider, many of the great entrepreneurial success stories started with a failure or two.

Some types of failure can indicate that we may not be entrepreneurial material. Foremost is reaching one's level of incompetence; if I am a great programmer, will I be a great software company president? Attitudinal problems can also be fatal, such as excessive focus on financial rewards, without the willingness to put in the work and attention required. Addressing these possibilities requires an objectivity about ourselves that not everyone can manage.

Other types of failure can be recovered from if you "learned your lesson." A common explanation for these is that "it seemed like a good idea at the time." Or, we may have sought too big a "kill;" we could have looked past the flaws in a business concept because it was a business we wanted to be in. The venture could have been the victim of a muddled business concept, a weak business plan, or (more often) the absence of a plan.

When small businesses fail, the reason is generally one, or a combination, of the following:

- * inadequate financing often due to overly optimistic sales projections;
- * management shortcomings,
 - such as inadequate financial controls, lax customer credit, inexperience, and neglect, and;
- * misreading the market,
 - indicated by failure to reach the "critical mass" required in sales volume and profitability,
 - usually due to competitive disadvantages or market weakness.

In a recent Wall Street Journal article titled "Why My Business Failed," Ken Elias cautions that "even if the concept is right, it won't fly if the strategy is wrong." Still, on being asked whether he would start another business today, he answers: "Absolutely. The experience is fabulous, exciting and the possibility of success is always there."