

Why to start your own business business essay



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One of the most significant reasons why a person decides to become self-employed is that they feel they can make good money. Profits are very attractive. In essence, the purpose of a business is to make money. If a company is succeeding in what they do, it means that the business is generating more profit and more profit can lead to a better lifestyle.

Independence:

While making a profit may be assumed as the great motivating factor to starting a business, there may be other driving factors that are more important to the business owner (Shepherd 2005). When you work for an organized business, you are normally working for a boss, within a rigid time-schedule. As a self-employed business owner, you are able to dictate the use of your time. One of the great advantages of independence is that you determine when and where you will work. This can be very attractive when you have an ability to work at or near your home. Another benefit of independence is that you are fully in control of the business image. Self-employment means there is no boss telling you to do something that you don't believe is beneficial to either the company or yourself. When you run your own company, you are in control of the direction that the company goes, and you are in control of your own future.

Product & Personal Satisfaction:

Another aspect to entrepreneurial motivation is the product itself. There are individuals whose internal motivation for entrepreneurial success is driven by the product they create, manufacture, and sell. An example of this may be a cabinet maker. While a small business cabinet maker is their own boss, and can generate a healthy profit, this individual may be motivated by the work

of their hands. The real satisfaction comes from hard work, ingenuity, and the appreciation received from the customer for the product they created.

Disadvantages

Risk of Investment:

Starting your own business normally requires a significant investment.

Whether you are renting a space, buying machinery or hiring employees, you are spending money. To start your own business means that you are going to have to either take out a loan or invest your own personal finances. If the company were to fail, you would end up losing all the money you invested in that company. For some, this risk is too great.

Working Hours:

This is part of the other aspect of independence. While you are free to make your own work hours when you are self-employed, oftentimes the initial success of the company will require far more working hours than a regular job. It is quite possible that you will work up to 12 hours a day when you are getting your feet off the ground (Kishel 1998). This immense amount of time can become very stressful. The pressure to succeed can wear you out if you haven't mentally prepared for the adjustment.

Responsibility:

Responsibility can come as either an advantage or a disadvantage. Being responsible for a business will require continuous decision making, constant care, and attention. The success of your business may very well be dependent upon you, and you alone. You must be willing to accept that responsibility and the consequences of your decisions.

Income Fluctuation:

There are many potential entrepreneurs who see themselves as making tons of money in a short time. They see only the success stories and not the reality. Yes, it is true that you can become very rich by starting your own business; however, it is important to have a realistic expectation as to how much money you will earn. When you are just starting out your business, you may not receive a steady paycheck, and perhaps even the paycheck you will receive will be below expectations. Remember, starting a business is risky and requires a lot of perseverance. Just as you have an ability to earn a lot of money, you also have the possibility of not earning any. Income fluctuation can cause additional strain on a family.

Essential Self-Evaluation Questions

To succeed in starting and running your own business can bring excitement, joy, and personal fulfillment. However, starting a business requires an immense amount of persistence, determination, patience, and management skills. While anyone is capable of starting and succeeding in their own business, not everyone is cut-out to be a successful entrepreneur (Strauss 2005).

In order to determine if entrepreneurship is right for you, it is critical for you to answer the following questions, and answer them honestly. This questionnaire will give you a better indication of the type of person you are in relation to the new business environment.

QUESTIONS

CLOSEST ANSWER

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POINTS

Are you a self-starter?

Yes. I am a self-starter

Most of the time

I would not consider myself a self-starter

5 Points

3 Points

1 Point

Do you believe that you are able to succeed in starting your own business?

Of course, I know I can!

I feel like it can be done

I hope it's possible

5 Points

3 Points

1 Point

Do you like, or enjoy, challenges?

I say bring them on.

I'm okay at managing challenges

I don't like challenges

5 Points

3 Points

1 Point

Are you competitive?

Yes. I am very competitive

I can be when I need to be

No. I am more laid back

5 Points

3 Points

1 Point

Do you consider yourself a leader?

I am a confident leader

It depends, at times I can lead

I would rather follow than lead

5 Points

3 Points

1 Point

Are you creative?

Yes.

I can be

I am not really creative

5 Points

3 Points

1 Point

Are you willing to take risks?

Yes, I will do what it takes

I can take risks, but don't like too

No. I am not willing to take risks

5 Points

3 Points

1 Point

How do you handle setbacks?

I rebound fast

Setbacks are hard but I can manage

I struggle when things don't go the way I planned.

5 Points

3 Points

1 Point

How well do you handle pressure?

I don't mind it

I will push through it

Not very well at all

5 Points

3 Points

1 Point

Can you stick through the difficult times?

I am prepared to face hardships

I am not sure but I think I can

I hope so...

5 Points

3 Points

1 Point

Are you willing to work long difficult hours without any guarantee of reward?

I am willing to work as necessary to succeed

It will be hard but I will try

I honestly don't know

5 Points

3 Points

1 Point

Can you and your family live without a regular paycheck?

Yes. My family and I are prepared to do what it takes

We will try in the beginning

I don't know if my family is willing to make that sacrifice

5 Points

3 Points

1 Point

Are you willing to work hard for clients and customers?

Of course

If I need to

I would rather not

5 Points

3 Points

1 Point

Do you have any business skills?

Yes, I have a lot of business experience.

I have some skills

Not any really.

5 Points

3 Points

1 Point

Are you willing to do what it takes to learn, work and management your business to success?

Yes. This is what I want to do

I think so

I don't know anymore...

5 Points

3 Points

1 Point

Once you have answered all the questions, add up your total points. (Strauss 2005)

MY TOTAL POINTS = _____

Below is listed the results from taking this quick questionnaire. While the results do not depict whether you will or will not be successful, it can give you a good indication of where you stand as an entrepreneur.

55 - 75

If your points are within 55-75, then you have a strong potential for being able to succeed as an entrepreneur. This point level shows that you are willing to be persistent and work hard for the success of your business.

40 - 54

If your score fell between 40 and 54, then you may not have natural entrepreneurial skills. However with time, learning, and persistence you can become one over time

Below 40

If you scored below 40 points, then you may want to seriously reconsider becoming self-employed.

(Strauss 2005)

Evaluating Personal Goals

An essential part of understanding why you are in business is to understand your personal goals. It is crucial that you know what your personal motivating drive for success is. Once you have thought this through carefully, you will be able to identify what direction to go. There are many opportunities for small business success; it is only a matter of determining if you are willing to make the sacrifices necessary to learn, work, and strategize to achieve such success. To take the " Self Evaluation" survey one step deeper, try the following activity. It may help you in understanding truly why it is that you want to start your own business.

Engagement I:

Either in a business journal or on a piece of paper write down and answer the following questions. As you continue to read through this manual, reflect back on your answers and determine if your goals are sustainable and lasting. This will help you as you begin the process of starting your own business.

What has motivated me to want to start my own business?

If initially successful, what are my short term goals for starting my own business?

What are my long term goals for starting my own business?

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What am I willing to, or not to, sacrifice to make this business idea become a reality?

What is my alternative to starting this business?

Where do I see myself in 5 years?

What You Need to Know Before You Start Your Own Business

Another important question to ask yourself before jumping into starting your own business is, “What business am I going to start?” While this question may seem fairly obvious, you would be surprised how many small businesses are started without adequate research of the product and the market.

Whether you decide to start your own hardwood lumber sawmill, or become a cabinet builder, it is essential that you know exactly what business you are going to be involved with, the corresponding markets, and the surrounding competition. (Strauss 2005) Topics relating to these points will be discussed later in this manual.

Engagement II: To help get you brainstorming on some ideas, below is a list of various ideas of starting your own Forest Product's business. Read through some of the ideas and mark the ones that stand out as possible business start up for you on a piece of paper or in your business journal.

Hardwood Lumber Sawmill

Wood Flooring Specialist

Local Lumber Trader

Custom Picture Frame Maker

Tree-House/Home Play Set Builder

Deck Builder

...

Kitchen Cabinet Maker

Custom Furniture Maker

Railroad Tie Manufacturer

Custom Home Trimming

Furniture/Cabinet Repair specialist

Lumber Reseller

...

(Let me know if there are any more small business ideas for the forest products industry that you were thinking of adding or discussing within this manual? I am sure there are many more. Also, let me know if you like the whole Engagement Activity Ideas? I had the thought come to me as I was thinking on how to make the manual interactive with the reader, let me know.

Chapter Two Citations

Kishel G. F., Kishel P. G. (1998). How to Start, Run, and Stay in Business.

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York. John Wiley & Sons, Inc. Pp 2.

Strauss, S. D. (2005). The Small Business Bible. Hoboken, New Jersey. John Wiley & Sons, Inc.

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Shepherd, D. A., Wiklund, J. (2005). Entrepreneurial Small Businesses. Northhampton,

Massachusetts. Edward Elgar Publishing, Inc. Pp 7, 12, 23.