



SMALL BIZ WHIZ

Lesson 12

Americans are very entrepreneurial. In fact, small businesses employ over half of the American workforce. In the last lesson, you learned about the relation of risk to reward. Starting a business can be risky, but the rewards can be very high. A business can provide an opportunity to build wealth, financial independence and security while doing what you like to do.

Do you dream of owning your own business? What type of product or services would your business offer? What appeals you about owning your own business? What does not appeal to you?

I. SMALL BUSINESS

SMALL BIZ STATS

How small is "small"?	500 or fewer employees.
What's the smallest?	Over half are home-based and employ just one person.
What states have the most start up small businesses?	Montana, Wyoming, North Dakota, Colorado, and Vermont.
What are popular small biz start ups?	Software and mobile app development firms, green tech, cyber-security, wearable technology, and education technology companies. Retail e-commerce is also popular.



II. WHO STARTS A BUSINESS?

- **Traits** of a Successful Small Business Owner.

- ❖ Perseverance.
- ❖ Hard worker.
- ❖ Risk Taker.
- ❖ Leadership.
- ❖ Delegator.

- **Skills** of a Successful Small Business Owner.

- ❖ Money Manager.
- ❖ Marketing Manager
- ❖ IT Manager
- ❖ HR Manager
- ❖ Customer Relations Manager

III. WHAT ARE TYPICAL SMALL BUSINESS STRUCTURES?

- Corporation.
- Partnership.
- Limited Liability Company.
- Sole Proprietorship.

V. WHERE CAN YOU GO FOR HELP?

- SCORE.
- Small Business Administration.
- Chamber of Commerce.

VI. BUILDING WEALTH IN A SMALL BUSINESS

- There should be a demand for the product or Service.
- Profit Margin
- Increase Profit Margin by increasing revenue and/or reducing expenses
- Expand by growing core sector, diversifying, and increasing income streams

Profit Margin

Revenue minus Expenses = Gross Profit

Gross Profit/Revenue = Profit Margin

THE BIG PICTURE

- Owning your own business has many benefits, such as being able to work from home in many cases, being your own boss, doing the kind of work you like to do, and building financial independence. There are also many challenges, especially financial risk, long hours, and lots of responsibility. Successful small business owners are entrepreneurial and calculated risk takers, with a variety of traits and skills for running, managing, and growing a business. There are several forms of business organizations with different liability profiles. A business needs a business model and a business plan to guide the owner and employees in increasing revenue, reducing costs, and growing the business. Profit margins improve by increasing revenue and reducing costs, and by following a focused and well-timed growth strategy..

PONDER & PREDICT

- Warning! There is a wealth-devouring predator on the loose. If not contained, it can worm its way into your wealth and suck the life out of it. In the next lesson we begin the exploration of protecting and preserving wealth. What is this potentially catastrophic destroyer of wealth?