

Small-business Savvy: Which Fits You, Entrepreneur or Small-business Owner?

By Glenn Muske, Rural and Agribusiness Enterprise Development Specialist
NDSU Extension Service

Are you an entrepreneur or a small-business owner?

When one reads stories in the newspaper or journals, these two groups are not distinguished from each other typically. Neither the U.S. Small Business Administration nor the U.S. Census Bureau breaks them out separately. So does it make a difference?

Or should the writings about building the economy around entrepreneurs be the encouragement for us to be entrepreneurial if you want to succeed?

Based on what I have read, along with some exploratory research conducted by a colleague and me, the answer is “it depends.” It is based to some degree on how you define success.

In looking at our business owners in 1997, 2000 and 2007, entrepreneurs made more money. In part, that may have been a factor of having more employees. Yet the management of employees is not something all people feel comfortable doing.

And the earnings for entrepreneurs showed much greater variation when the U.S. entered the recession in 2007. Again, your choice may depend on your desire for perhaps a greater likelihood of income stability.

Another part to the equation is whether the business represents a way to earn income or a way of life. Small-business owners see it as a way of life and, I suspect, a means that may allow for more time to pursue other activities, personal and professional.

Finally, your risk tolerance may influence your decision. As noted, entrepreneurs may ride more of a roller coaster with big upswings but equally big drops. Small-business owners had a steadier income level.

However, these factors only represent part of what is going on with the business owner. Part of the research was basically a static look in time. I suspect that people change their orientation based on circumstances, opportunities, where the product/service is in its life cycle, market opportunities and general demographics of the owner.

For communities trying to develop their business economy, remember that all economic activity is good for the community.

And the bottom line for owners is: Don't get caught up in titles or swayed in developing your business to maximize the returns you desire.

More information is available at your local Extension office, as well as at <http://powerofbusiness.net> and www.eXtension.org/entrepreneurship.

The Small Business Administration and its related organizations, such as the Small Business Development Centers and Service Corps of Retired Executives, along with many other state agencies, also can be valuable resources.

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Source: Glenn Muske, 701-328-9718, glenn.muske@ndsu.edu

Editor: Ellen Crawford, 701-231-5391, ellen.crawford@ndsu.edu