

# PREFACE

Starting and operating a new business involve considerable risk and effort to overcome the inertia against creating something new. In creating and growing a new venture, the entrepreneur assumes the responsibility and risks for its development and survival and enjoys the corresponding rewards. The fact that consumers, businesspeople, and government officials are interested in entrepreneurship is shown in the increasing research on the subject, the large number of college courses and seminars on the topic, the more than 2 million new enterprises started each year despite a 70 percent failure rate, the significant coverage and focus by the media, and the realization that this is an important topic for industrialized, developing, and once-controlled economies.

Who is the focus of all this attention—who is willing to accept all the risks and put forth the effort necessary to create a new venture? It may be a man or a woman, someone from an upper-class or lower-class background, a technologist or someone lacking technologic sophistication, a college graduate or a high school dropout. The person may have been an inventor, manager, nurse, salesperson, engineer, student, teacher, homemaker, or retiree. It is someone able to juggle work, family, and civic responsibilities while meeting payroll.

To provide an understanding of this person and the process of creating and growing a new venture, this sixth edition of *Entrepreneurship* is divided into four major sections. **Part 1—The Entrepreneurial Perspective** introduces the entrepreneur and the entrepreneurial process from both a historical and a research perspective. The role and nature of entrepreneurship as a mechanism for creating new ventures and affecting economic development are presented, along with career aspects and the future direction of entrepreneurship. The characteristics and background of entrepreneurs are discussed, as well as some methods for individual self-assessment and the various aspects of international entrepreneurship.

**Part 2—Creating and Starting the Venture** focuses on all the elements in the entrepreneurial process that are a part of creating a new venture. After a discussion of creativity and obtaining the right business area, the legal issues—such as intellectual property protection and product safety and liability—are addressed. Important aspects of the business plan are then presented, and a chapter is devoted to each of the major components of the business plan: the marketing plan, the financial plan, and the organizational plan.

**Part 3—Financing the New Venture** focuses on one of the most difficult aspects of creating and establishing a new venture. After a discussion of the alternative sources of capital, specific attention is given to two primary financing mechanisms: informal risk capital and venture capital.

**Part 4—Managing, Growing, and Ending the New Venture** presents material related to establishing, developing, and ending the venture. Particular attention is paid to developing an entrepreneurial strategy, establishing strategies for growth, managing the new venture during growth, early operations, expansion, and accessing external resources for growth. Managerial skills that are important to the successful performance and growth of a new venture are included in this section. This part also addresses going public—the goal of many entrepreneurs when starting the entrepreneurial process—as well as methods for ending the venture. Specific topics examined include mergers and acquisitions, franchising, joint ventures, and human and financial resources needed for growth.

To make *Entrepreneurship* as meaningful as possible, each chapter begins with a profile of an entrepreneur whose career is especially relevant to the chapter material. Chapter objectives follow, and numerous examples occur throughout. Important websites to assist the reader in getting started, as well as articles from *Entrepreneur* magazine and Ethics boxes, are also included in this sixth edition. Each chapter concludes with research tasks, class discussion questions, and selected readings for further information.

Many people—students, business executives, entrepreneurs, professors, and publishing staff—have made this book possible. Of great assistance were the detailed and thoughtful comments of our reviewers: Dawn R. DeTienne (Utah State University), Kathie K. Holland (University of Central Florida), Patricia E. Kaiska (Southern Methodist University), Aristotle T. Lekacos (State Stony Brook University (SUNY)), Brenda O. McAleer (University of Maine at Augusta), Pamela Pommerenke (Michigan State University), Janet Runge (University of Nevada Las Vegas), Ethné Swartz (Fairleigh Dickinson University), Howard Van Auken (Iowa State University), and Barry L. Van Hook (Arizona State University). Particular thanks go to Nick Papantonis for help and ideas for Chapter 7, “The Business Plan”; to Bill Wetzel for helpful comments on Chapter 12, “Informal Risk Capital and Venture Capital”; to Lynn Moore for comments on Chapter 16, “Going Public,” and to Greg Stoller for reviewing specific chapter material. Special thanks are given to Teresa Kabat for preparing the manuscript so competently, and to Nadya Tolshchikova, Sara Scarpitti, and Sergey Anokhin for providing research material, editorial assistance, and case development for this edition. Also thanks to our editors—Lindsay Harmon, editorial coordinator, Tammy Higham, development editor, and Ryan Blankenship, sponsoring editor—for their guidance and demanding writing schedule, and to our supplement authors—Gayle Ross, and Chuck Bowles (Pikes Peak Community College)—for their wonderful work on the Instructor’s Manual and PowerPoint slides, respectively.

We are deeply indebted to our spouses, Tina, Debbie, and Suzie, whose support and understanding helped bring this effort to fruition. It is to future entrepreneurs—our children Christa, Kary, Katy, Kelly, Kimberly, Jack, and Meg, and the generation they represent—that this book is particularly dedicated. May you always beg forgiveness rather than ask permission.

**ROBERT D. HISRICH**  
**MICHAEL P. PETERS**  
**DEAN A. SHEPHERD**