Essentials of Entrepreneurship and Small Business Management

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To Cindy, whose patience is always tested during a writing project of this magnitude. Your love, support, and understanding are a vital part of every book. You are the love of my life.

—NMS

To Linda, whose unconditional love motivates me to strive daily to earn her respect. Her commitment to our life makes all things possible.

—TWZ

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—DLW
“May your own dreams be your only boundaries.”
—The Reverend Purlie Victorious Judson, in “Purlie,”
Broadway Theater, 1970
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Preface

Entrepreneurship has become a major force in the global economy. Policy makers across the world are discovering that economic growth and prosperity lie in the hands of entrepreneurs—those dynamic, driven men and women who are committed to achieving success by creating and marketing innovative, customer-focused new products and services. Not only are these entrepreneurs creating economic prosperity, but many of them are also striving to make the world a better place in which to live. Those who possess this spirit of entrepreneurial leadership will continue to lead the economic revolution that has proved time and again its ability to raise the standard of living for people everywhere. We hope that you will join this economic revolution to bring about lasting, positive changes in your community and around the world. If you are interested in launching a business of your own, Essentials of Entrepreneurship and Small Business Management is the book for you.

This fifth edition of Essentials of Entrepreneurship and Small Business Management introduces you to the process of creating a new venture and provides you with the knowledge you need to launch your business so that it has the greatest chance for success. One of the hallmarks of every edition of this book has been a very practical, “hands-on” approach to entrepreneurship. We strive to equip you with the tools you will need for entrepreneurial success. With the help of this textbook and your instructor, we hope that you will follow your dream of becoming a successful entrepreneur.

Key Text Features

- To emphasize the practical nature of this book, we have added a new feature, “Hands on...How to,” which selects a concept from each chapter and explains how students can put it to practice in their own companies. These features include such topics as how to “Transform Your Great Business Idea into Reality,” “Create a Culture of Innovation,” “Provide Superior Customer Service,” “Calculate Your Company’s Pocket Price Band,” and many others.
- We have included in this edition 11 brief cases that cover a variety of topics (see the Case Matrix that appears on the inside cover). All of the cases are about small companies, and most are companies that students can research online. These cases challenge students to think critically about a variety of topics that are covered in the text—from developing a business strategy and building a brand to protecting intellectual property and financing a business—and are ideal for either individual or group assignments.
- This edition features an updated, attractive, full-color design and a layout that includes an in-margin glossary and learning objectives and is designed to be user-friendly. Each chapter begins with learning objectives, which are repeated as in-margin markers within the chapter to guide students as they study.
- This edition once again emphasizes the importance of creating a business plan for a successful new venture. Sections II and III of this edition focus on “Building the Business Plan” and Section IV covers “Putting the Business Plan to Work.”
- Chapter 2, “Inside the Entrepreneurial Mind: From Ideas to Reality,” explains the creative process entrepreneurs use to generate business ideas and to recognize entrepreneurial opportunities. Students learn to think like entrepreneurs.
- Chapter 4, “Conducting a Feasibility Analysis and Crafting a Winning Business Plan,” now includes a section on screening entrepreneurs’ potential ideas using a feasibility analysis. Instructors also can choose to bundle Prentice Hall’s Business Feasibility Analysis Pro or Palo Alto’s Business Plan Pro software with this edition of Essentials of Entrepreneurship and Small Business Management at a special package price.
- This edition includes separate chapters on “Forms of Business Ownership” (Chapter 5) and “Franchising and the Entrepreneur” (Chapter 6).
Chapter 9, “E-Commerce and the Entrepreneur,” serves as a practical guide to using the Web to conduct business in the twenty-first century.

Several “You Be the Consultant” features appear in every chapter. These popular features challenge students to apply what they’ve learned in the course. Each chapter contains at least two of these boxed illustrations, which are based on actual companies. Each one poses a problem or an opportunity and includes questions that focus students’ attention on key issues and helps them to hone their analytical and critical thinking skills. These “You Be the Consultant” illustrations are ideal for short individual or group assignments or for launching lively class discussions. Featured companies include Under Armour (Chapter 3), Cirque du Soleil (Chapter 4), Netflix (Chapter 8), Magnetech Industrial Services (Chapter 16), and many others.

We have added several “Ethics and Entrepreneurship” features that give students the opportunity to wrestle with some of the ethical dilemmas that entrepreneurs face in business. Encouraging them to think about and discuss these issues now will prepare them for making the right decisions later.

Many real-world examples are presented that are easy to spot because they are set off in italics with in-margin markers. These examples allow students to see how entrepreneurs are putting into practice the concepts that they are learning about in the book and in class. These examples help students to remember key concepts in the course.

A sample business plan for a fictitious business named Total Health and Fitness, a full-service health club and restaurant, is included both in the text and on the Companion Web site. Students also have access to other sample business plans at Palo Alto’s Business Plan Pro Web site, http://www.paloalto.com/ps/bp/samples.cfm. Many courses in entrepreneurship and small business management require students to write business plans. Students of entrepreneurship find it helpful to have a model that guides them as they build their plans. This sample plan, created by a student, serves as one model.

Business Plan Pro, the best-selling business planning software package from Palo Alto Software, is a valuable tool that helps students to build winning business plans for their entrepreneurial ideas. Every chapter contains an updated Business Plan Pro exercise that enables students to apply the knowledge they have gained from studying this book to build a business plan with Business Plan Pro. A brief user guide is available in the instructor’s manual. (Business Plan Pro, ISBN 0-13-187484-5)

Instructors also can choose to have Business Plan Pro bundled with the textbook at a special value price. They should contact their local Prentice Hall sales representative for more information.

Supplements

A useful companion Web site, http://www.prenhall.com/zimmerer, offers free access to learning resources including multiple-choice quizzes, Web essays, and links to relevant small business sites.

There is a series of videos selected by one of the authors that is designed to illustrate the principles of entrepreneurship discussed in this book. These short videos are ideal for helping students to master the concepts in the textbook and for launching meaningful class discussions. The videos are available on DVD (ISBN 0-13-229442-7)

There is a printed Instructor’s Manual and Test Item File (ISBN 0-13-229439-7)


The Business Disc is a sophisticated experiential learning simulation that leads students through the steps of planning and managing a small business. Using video vignettes, students interact with scores of real people as they build and operate various kinds of business: service, retail, or manufacturing. The “Business Disc Exercises” in the Instructor’s Manual enable students to link the chapter content to the Business Disc experience. (ISBN 0-13-229445-1)
Instructor’s resources are available at Prentice Hall’s Instructor’s Resource Center for *Essentials of Entrepreneurship and Small Business Management*, 5/e, which is found at [http://www.prenhall.com/irc](http://www.prenhall.com/irc). Here instructors can access print, media, and presentation resources available with this book in downloadable, digital format. The Instructor’s Resource Center Web site contains detailed descriptions of all of the foregoing supplements.

SafariX eTextbooks Online, the largest eTextbook store on the Internet, offers students flexibility in their choice of textbook format. Developed for students seeking to save money on required or recommended textbooks, SafariX eTextbooks Online saves students up to 50% off the suggested list price of the print text. Students simply select their eText by title or author and purchase immediate access to the content for the duration of the course using any major credit card. With a SafariX eText, students can search for specific keywords or page numbers, make notes online, print out reading assignments that incorporate lecture notes, and bookmark important passages for later review. For more information, or to purchase a SafariX eTextbook, visit [http://www.safarix.com](http://www.safarix.com).

**Beyond the Textbook**

The authors have used their combined 75 years of teaching experience (and their combined 57 years of experience writing textbooks) to produce a book that contains a multitude of both student- and instructor-friendly features. We trust that this edition of *Essentials of Entrepreneurship and Small Business Management* will help the next generation of entrepreneurs to reach their full potential and achieve their dreams of success as independent business owners. It is their dedication, perseverance, and creativity that keep the world’s economy moving forward.

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