CONTENTS

Case Studies xi
About the Authors xii
Preface xiii
Walk-through Tour xvi
About the Website xviii

PART 1 UNDERSTANDING SMALL BUSINESS AND ENTREPRENEURSHIP 1

1 Small Business in the Economy 3
   Introduction 3
   1.1 What is a small business? 3
   1.2 Why bother with small businesses? 7
   1.3 The revival of the small enterprise 9
   1.4 Interpretations of the small business revival 14
   1.5 Entrepreneurial churn in the business population 18
   1.6 Transition and emerging economies 19
   1.7 Summary and activities 21
   1.8 Notes, references and further reading 28

2 Entrepreneurship, the Entrepreneur and the Owner-manager 30
   Introduction 30
   2.1 Entrepreneurship and the entrepreneur: some definitions 30
   2.2 Motivations for starting a business 37
   2.3 The search for the entrepreneurial archetype 44
   2.4 Towards the entrepreneurial path 49
   2.5 The ‘Model’ entrepreneur 50
   2.6 Summary and activities 56
   2.7 Notes, references and further reading 63

3 The Small Business and Entrepreneurial Environment 68
   Introduction 68
   3.1 A matter of life and death 69
   3.2 The birth of new businesses 72
   3.3 Sink or swim 86
   3.4 Hostile and benign environments 90
4 Innovation and the Marketplace 103

Introduction 103

4.1 Defining innovation 104
4.2 Innovation in more detail 106
4.3 Product innovation in small firms 112
4.4 Innovation and the entrepreneurship dynamic 116
4.5 Managing innovation – some issues 117
4.6 The seven sources for innovative opportunity 118
4.7 Innovating for the marketplace 121
4.8 Who is the customer? 123
4.9 Why will the customer buy from me? 125
4.10 Summary and activities 128
4.11 Notes, references and further reading 136

5 Information and Help 139

Introduction 139

5.1 Entrepreneurial information-gathering 140
5.2 Market research for small firms 142
5.3 Secondary data 145
5.4 Primary data 146
5.5 Help for small business 152
5.6 The effects of government policy 158
5.7 Summary and activities 160
5.8 Useful sources of information for entrepreneurs 167
5.9 Notes, references and further reading 169

PART 2 CREATING THE ENTREPRENEURIAL SMALL BUSINESS 173

6 Business Planning 175

Introduction 175

6.1 The purpose of a business plan 176
6.2 When to plan? 178
6.3 Who can benefit? 180
6.4 Why produce a plan? 181
6.5 The format of a business plan 183
6.6 Summary and activities 205
6.7 Notes, references and further reading 213
PART 3 MANAGING THE ENTREPRENEURIAL SMALL BUSINESS 337

11 Management of People and Resources 339

Introduction 339
11.1 Total management 340
11.2 Premises 341
11.3 Materials and equipment 344
11.4 Insurance 345
11.5 Business processes and information and communications technology 346
11.6 Management of people 348
11.7 Summary and activities 356
11.8 Notes, references and further reading 363

12 Marketing 365

Introduction 365
12.1 Small business marketing issues 366
12.2 Marketing defined 368
12.3 Entrepreneurial marketing 370
12.4 Word of mouth marketing methods 380
12.5 The impact of the internet on entrepreneurial marketing 383
12.6 Personal marketing communications 385
12.7 Impersonal marketing communications 388
12.8 Marketing channels 390
12.9 Summary and activities 392
12.10 Notes, references and further reading 399

13 Money 402

Introduction 402
13.1 Financial needs – the uses of funds 403
13.2 Accessing finance 405
13.3 Public initiatives in the UK 411
13.4 Control of financial resources 413
13.5 Managing finance 417
13.6 Entrepreneurial finance – some issues 426
13.7 Case studies and activities: part 1 428
13.8 Financial analysis 431
13.9 Summary and activities (part 2) 442
13.10 Notes, references and further reading 445
14 Business Exits and Realizing Value 448

Introduction 448
14.1 Business exits and closures 449
14.2 What adds value to a business? 454
14.3 Succession issues 457
14.4 The family business 459
14.5 Creating value for society 461
14.6 Summary and activities 461
14.7 Notes, references and further reading 467

Glossary of terms 469
Index 473