Chapter 3: Entrepreneurs and successful businesses

Contents

3.1 What is an entrepreneur?
3.2 Business owner or entrepreneur?
3.3 Business success: high-quality product and location
3.4 Business success: quality service and sound management practices
SkillBuilder: Writing a business case study
Review and reflect

Note to students and teachers: This PDF has been provided as an offline solution for times when you do not have internet access or are experiencing connectivity issues. It is not intended to replace your eBook and its suite of resources. While we have tried our best to replicate the online experience offline, this document may not meet Jacaranda’s high standards for printed material. Please always refer to your eBook for the full and latest version of this title.
Chapter 3: Entrepreneurs and successful businesses

Overview

All businesses originally start with an idea. That is how Bakers Delight began. Roger and Lesley Gillespie established Bakers Delight in 1980 as a small bakery on Glenferrie Road in Hawthorn, a suburb in Melbourne. There are now more than 700 Bakers Delight bakeries around the world. The success of their business comes down to their hard work and their apparent lack of the fear of failure. The owners state that the name ‘Bakers Delight’ originated from the belief that bakers should be delighted by the product they bake and that every customer should be delighted by the service they receive. This idea still drives what Bakers Delight does today.

FIGURE 1 Roger and Lesley Gillespie from Bakers Delight

Weblink

Small business entrepreneur

Watch this video to learn about a young man with a social conscience and his successful business.
STARTER QUESTIONS

1. Why do you think that Roger and Lesley Gillespie started Bakers Delight?
2. Would you like to start your own business? What would you sell?
3. At what age do you think you are allowed to start a business?
4. How would you feel if you started a business and it became very successful?
5. What does an entrepreneur do?

3.1 What is an entrepreneur?

Not everyone knows how to turn their ideas into a business. A person who is willing to take a risk and has the qualities required to turn an idea into a successful business is called an entrepreneur. An entrepreneur’s methods are sometimes regarded as groundbreaking and innovative. For these people, the opportunity to explore untapped markets with no guarantee of success can be motivation itself. However, for those whose ideas translate into a successful business venture, the profits are often huge.

So what is an entrepreneur anyway?

An entrepreneur is someone who could be just like you. Entrepreneurs:

• have great ideas and do something about them
• hunt for opportunities to promote their ideas
• thrive on the challenge of creating their own successful business
• make money out of solving problems and selling their ideas
• usually start up their own businesses.

How old do you have to be?

Any age! If you have a great idea and the determination to make it happen, you could join this list of young entrepreneurs who enjoy some huge success stories:

• Eagle Boys Pizza was created by a 23-year-old from Albury, New South Wales.
• Subway sandwiches were the brainchild of 17-year-old US-based Fred DeLuca.
• Rip Curl, an Australian company, was started up in the Australian backyard of surfers Brian Singer and Doug Warbrick.
• Dell Computers was set up when 18-year-old Michael Dell realised it was a lot cheaper to build computers than to buy them ready made.
• Poppy King founded Poppy Industries Pty Ltd at aged 18 after recognising there was a gap in the market for matte lipstick.

• Molly Whiticker-Ferrie was aged 14 when she started her Melbourne-based business, Fairy Friends Forever, which specialises in birthday parties for girls.

• Taylah Golden and Ellie Jordan were only 12 years old when they started their online sleepwear business called Jordan Taylah.

Who are some successful entrepreneurs?

Richard Branson

Richard Branson is the founder of the Virgin group, which comprises hundreds of companies including an airline, a train company and a mobile phone network. He started his first business at the age of 16. You may have seen Richard Branson in the media because he is famous for his publicity stunts whenever Virgin launches a new business or project. One of Richard Branson’s current big ideas is commercial space travel.

If you have heard Richard Branson speaking, you will know that he is passionate and enthusiastic. He listens to staff and customers, carrying a notebook with him wherever he goes so that he can write down what he sees and hears. He then follows up on the ideas. He shares Virgin’s future plans with his staff, and his vision inspires people to perform at their best.

Dick Smith

Dick Smith is the founder of Dick Smith Electronics, Dick Smith Foods and Australian Geographic. Starting with only $610, he launched his first business when he was 24 years old. Like Richard Branson, Dick Smith is famous for his publicity stunts. In 1978, as an April Fool’s Day joke, he claimed that he was going to tow an iceberg into Sydney Harbour from Antarctica and sell ice
cubes to the public. He then towed a fake iceberg into the harbour, but only after a media frenzy involving many phone calls to radio stations and newspapers reporting an iceberg arriving through Sydney Heads.

Dick Smith is well known for his willingness to take a risk. However, he has said that he will never enter a business venture unless he knows that there is a good chance of success. Dick Smith calls this responsible risk-taking. He learns from his mistakes and he has worked very hard to make sure that customers and staff can trust the name Dick Smith. He explains the reasons for his decisions to those people working for him and he seeks advice before he makes those decisions.

![Dick Smith](image)

**FIGURE 2** Dick Smith

Carolyn Creswell

Carolyn Creswell is the founder of Carman’s Fine Foods. She scraped together $1000 when she was 18 years old to buy out the homemade muesli business that she worked for. Today, Carman’s products are sold in supermarkets across Australia and exported to more than 30 countries.

Some people suggest that the business is an overnight success, but Carolyn Creswell responds that she has been successful because of hard work. She learned everything she knows about the business while working on the job, and she believes this makes it easier for her to empathise with staff. Carolyn Creswell is driven by passion rather than the desire to make money. She believes it is vital to have a clear vision of where the business is heading and to consider that when making every decision.
Lorna Jane Clarkson

Lorna Jane Clarkson is the founder of workout fashion business Lorna Jane. She began making leotards while she worked as a dental therapist and realised that there was a demand for fashionable active wear. Lorna Jane Clarkson and her husband, Bill, opened their first store in 1993. There are now more than 150 Lorna Jane stores worldwide.

Together with her husband, Lorna Jane Clarkson has never been afraid to take a risk. While other businesses believed that the market for fitness garments was too small to make a profit, the Clarksons decided to focus on that niche market anyway. The success of their business can be traced back to their vision and good management. Lorna Jane is renowned for innovative designs and for listening to customers, particularly through social networking.
**FIGURE 4** Lorna Jane Clarkson

---

**ACTIVITIES**

**REMEMBER**

1. In your own words, what is an entrepreneur?
2. At what age can you be an entrepreneur?

**EXPLAIN**

3. Outline the sort of personality and qualities that a successful entrepreneur is likely to have. Suggest why these might be needed.
4. Select one of the entrepreneurs discussed in this section and answer the following questions:
   a. Why is this person an entrepreneur? Has he or she been successful so far? Explain.
   b. How did they put their business idea in place?
   c. If you were the entrepreneur’s business adviser, what three tips would you give them for continued business success? Discuss these with a partner.

**DISCOVER**

5. Choose an entrepreneur — from this section or one that you know — and investigate the behaviours and skills that they bring to their business. Use the questions below to help you.
3.2 Business owner or entrepreneur?

We have looked at some examples of well-known entrepreneurs. But what is the difference between a business owner and an entrepreneur? Unfortunately, there is no easy answer to this question. Both business owners and entrepreneurs run businesses. The difference is best seen in the behaviours and skills that entrepreneurs bring to a business that people who simply run businesses do not have.

**Business owners and entrepreneurs**

Business owners play an important role in the economy, just as entrepreneurs do. A business owner might start their own businesses, just as entrepreneurs might. Business owners might purchase an existing business and run that, just as entrepreneurs also run businesses.

However, business owners tend to be content with simply running a business on a day-to-day basis so that it makes a profit. They prefer to minimise risks and make calculated decisions where the outcome is reasonably clear. However, entrepreneurs do much more than that. As we know, entrepreneurs seize opportunities and take risks. Entrepreneurs also establish a shared vision and demonstrate initiative, innovation and enterprise. A business owner might have an idea for solving a problem and meeting that need in order to satisfy a target market, whereas an entrepreneur’s vision might be to make a big change or have an impact on the world. Entrepreneurs often do not know if their ideas are achievable or not.
The typical questions that need to be considered by both business owners and entrepreneurs when starting a new business are illustrated in figure 1.

**FIGURE 1** Typical questions considered by business owners and entrepreneurs in making a business idea happen

Let us have a closer look at some of the behaviours and skills that entrepreneurs bring to a business.

**A shared vision**

When an entrepreneur has a vision, it means they have an understanding or hope of what the business will be like in the future. This gives the business a clear direction. Having a shared vision means that everyone in the business works together, as a team, to develop and then accomplish a goal. When this happens, it is much more likely that staff will enthusiastically contribute to making sure the vision is achieved.
A shared vision is much more likely to be achieved because people who are involved in developing a vision will be more inspired to work towards the goal of achieving it.

**Initiative**

When an entrepreneur demonstrates *initiative*, it means they are taking the first step in a series of actions or in a process. This is frequently done without someone prompting or telling them to take this step; an entrepreneur will usually make this decision independently. However, they might seek the help or advice of other people before they do so.

Andrew Bassat was the 2013 Australian EY Entrepreneur of the Year. EY refers to the global organisation, Ernst & Young Global Limited. Andrew Bassat displayed initiative when he co-founded SEEK Limited in 1997 even though he had very little knowledge of the internet. SEEK is now the world’s largest online employment marketplace.

**Innovation and enterprise**

*Innovation* is either adding a new product (which can be a good or service) to an existing product line, or significantly improving an existing product or process. This is different from inventing, where a completely new product or process is developed. Innovation could simply involve changing the way a business works so that it delivers better products. *Enterprise* is the effort
made by someone to creatively or boldly achieve something new. Entrepreneurs exhibit enterprise by taking risks to determine if the market is interested in their new ideas.

**FIGURE 4** Holographic communication is widely predicted to be an innovation that will change the way we work and talk to each other over the next few years.

---

**ACTIVITIES**

**REMEMBER**

1. List some of the important questions that need to be considered by a business owner or an entrepreneur in making a business idea happen.

**EXPLAIN**

2. What is the difference between a business owner and an entrepreneur?
3. Outline what is meant by the following entrepreneurial behaviours:
   a. establishing a shared vision
   b. initiative
   c. innovation
   d. enterprise.

**PREDICT**

4. Describe what might happen to an entrepreneur or a business owner if their business fails.
THINK

5. Why is being an entrepreneur so important to the success of a business?

6. Working in a group of three or four, use the information in this section to plan a video presentation that promotes the need for entrepreneurs. Make it interesting and catchy. Cover all the behaviours and skills that are typical of an entrepreneur. Use video editing programs and internet research as part of your planning.

3.3 Business success: high-quality product and location

How does a small business owner make sure the product is of high quality, and how can they choose the best location that gains exposure for their business? These are important choices that will ensure the success of the business.

A high-quality product

A business owner should aim to produce a high-quality product — one that meets the expectations of the customer. This means that the product will be reliable, safe and easy to use, durable, well designed and delivered to customers on time. A business owner will need to ensure that quality materials are used in the production of their good or service, and that there are no faults before it is sold to customers.

How to make a high-quality product

Just how do you produce a high-quality product? Attributes that a business owner might attempt to include in their new product before taking it to the marketplace include:

- **Premium features** — producing a product that is perceived to be superior to the products of competitors. A business owner can achieve this by making sure that the product will be considered luxurious; for example, by being more accommodating, providing greater comfort, or by tasting better than the competitors’ products. Companies such as Sony and LG often add premium features to their consumer electronics products.

- **Durability and reliability** — creating high-quality products that provide the customer with high value by lasting as long as possible. We live in a society that does not seem to value products that last for a long time, but some businesses distinguish their products from those of their competitors on this very basis. Boral, for example, is renowned for supplying durable building products and construction materials.

- **High performance** — making sure that the product performs better than the products of competitors. A business owner can achieve this by making a product that is faster, more efficient or more powerful; or by making a product that completes a task in a better way than competing
products. Samsung and Apple, for example, advertise that their mobile phones offer top performance.

A clothing retailer can add a premium feature to its product, thus creating a high-quality product, by providing a tailor to adjust customer’s purchases.

FIGURE 1

Location

Many factors must be considered when a business owner chooses a location. These include personal convenience, zoning regulations, the suitability of the premises for the business and the potential for expanding those premises. Other important factors discussed in detail below are:

- visibility
- accessibility
- competitor location
- cost
- area reputation.

FIGURE 2

Many people today run businesses online from home so there is no physical location for their business.
Visibility

Exposing the product and the business to potential customers is essential for a retail business or one providing a service to the public. Businesses such as music stores and hairdressers rely heavily on **passing trade** for sales. That is why these types of businesses typically locate in shopping centres or on shopping strips.

Accessibility

A business generally needs to locate as close as possible to its customers or suppliers. The importance of each of these considerations depends on the nature of the business. A retail business needs to be close to customers, with convenient parking or access to public transport nearby. For this reason, a clothing store might decide to locate in a shopping centre or a shopping strip. For a business that manufactures goods, being close to suppliers might be more important. A car parts manufacturer would need to be close to transport networks, such as freeways or railway lines, so that it can easily receive raw materials from suppliers and then distribute the finished goods.
Competitor location

For a retail business or service provider, it does not usually make sense to locate close to competitors. If an antique furniture shop is already established in a shopping centre, it might be a bad idea to set up another one there unless there is a huge demand for antique furniture. It would make more sense to locate near other businesses that sell different products, and feed off the customers that are drawn in by the variety of choices or by the attraction of a large brand name. This is why many businesses choose to locate in a large shopping centre with well-known businesses such as Coles, Woolworths, Target and Big W nearby.

FIGURE 4 Many businesses choose to locate in large shopping centres because they can then feed off the large number of customers who are drawn in by the wide variety of products and competitive prices offered in one location.

However, some businesses choose to locate in an area where there are other businesses selling the same product. They will do this because customers are attracted by the competition and choices offered by the collection of businesses. Examples of this include furniture stores or car yards located together along a busy highway.

Cost

When considering the cost of a location, the business owner must decide whether to rent or purchase the premises. In general, the cost of the location will be affected by the location’s size, quality, visibility, accessibility and the amount of passing trade. For example, locating in a shopping centre is usually more expensive than locating on a shopping strip. For the business owner, an ideal location would be one where costs are kept to a minimum, taking into account all of the other location factors. A restaurant relying heavily on passing traffic might find that locating in a low-cost site with low visibility is ultimately not a successful strategy.

Area reputation

A location with a low cost might initially seem attractive, but it could be relatively cheap because of its poor reputation. An area with a poor reputation might have a high crime rate and be perceived as an unsafe place. Potential customers may not be prepared to visit a business located in such an area.
ACTIVITIES

REMEMBER
1. Briefly outline the attributes a business owner might consider when developing a high-quality product.
2. What is passing trade?

EXPLAIN
3. Explain the following factors in a high-quality product:
   a. premium features
   b. durability and reliability
   c. high performance.
4. Draw a diagram explaining the factors that a business owner will need to consider when choosing a location

DISCOVER
5. Select a site in your local area that has shops (businesses), houses and perhaps industrial areas and complete the following:
   a. Draw the site plan, detailing traffic flows and the location of shops and houses.
   b. Explain the reasons for the location of each business.
   c. If you were to open a new business here, such as a café, where would you locate your business? Give reasons for your answer.
6. Follow the Online businesses weblink in your Resources section and write down five things that business owners need to consider when setting up an online business.

PREDICT
7. What might happen to a business that does not sell a high-quality product?
8. What do you think would happen to a business that chose an unsuitable location? List five possible consequences of choosing the wrong location.

THINK
9. List the factors that need to be considered when deciding the location of the following businesses:
   a. a car manufacturer
b. a restaurant
c. a supermarket
d. a health food store
e. an online T-shirt supplier
f. an importer of exotic plants.

10. Why are location and a high-quality product so important to a business’s success?

3.4 Business success: quality service and sound management practices

Providing quality service and using sound management practices allow a small business to meet customer expectations.

Quality service

Quality service leads to customers being satisfied with the product of the business. Highly satisfied customers obviously generate profit, but by returning to the business they can also bring other customers with them. This is referred to as word-of-mouth business.

A business can make sure that it provides quality customer service by seeking feedback from customers. One way to collect feedback is through a customer survey. Many businesses use customer loyalty programs, which allow them to build a database on their customers and stay in contact with them. Discounts and giveaways can be used to reward customers. Another way that businesses can provide quality service is by training staff.
Sound management practices

Sound management practices require that business owners exercise four crucial management roles, manage the finances of the business, and manage the business in an ethical and socially responsible manner.

Management roles

Four crucial management roles must be fulfilled if a business is to be effectively and efficiently managed:

• **planning.** This is the process of identifying goals for the business as well as the steps that will need to be followed to achieve those goals. For example, a manager might set a goal that the business will introduce a new product over the next 12 months.

• **organising.** This is the process of working out what resources are necessary to complete the tasks that need to be performed so that the goals of the business are achieved. These might be human, physical or financial resources. For example, a manager might assign a particular task or responsibility to a worker in the business.

• **leading.** This is the process of motivating or inspiring staff in the business to achieve the goals of the business. For example, a manager might explain to staff what the goals of the business are and why it is important to achieve those goals. This might influence staff to go away and work hard to achieve those goals.

• **controlling.** This is the process of comparing what was expected to be achieved with what was actually achieved. For example, a manager would look at sales figures for the new product to see how the business was progressing towards achieving its goal of introducing a new product over the next 12 months.

These roles are illustrated in figure 2.
Financial management

It is vital that the business owner manages the finances of the business. Cash flow needs to be maintained. Cash is one of the most important resources for a business. Without cash, the business would not survive. Only by tightly controlling and monitoring the business’s cash position will the business succeed.

The business owner also needs to make sure that the business is making a profit. Regular profit reports should show that a business is earning more revenue than expenses. If the business is not making a profit, or if cash flow is poor, the business owner needs to review what is happening in the business and make changes.

Ethical and socially responsible management

A modern business cannot just consider its financial position. Today, people expect that businesses will do the right thing when making decisions and show concern for society in their actions. Ethical management occurs when a business applies moral standards to decisions made, for example, by being honest in the way they deal with other businesses. Socially responsible management occurs when a business shows concern for the social welfare of the community, including customers, staff and the environment. Society expects that a business will treat employees fairly, show respect to customers and look after the environment.
ACTIVITIES

REMEMBER
1. What is word-of-mouth business?
2. List the four roles of management.

EXPLAIN
3. Describe how a business can develop quality service.
4. Explain the difference between financial management and ethical and socially responsible management.
5. Complete the following table to explain how each sound management practice contributes to a successful business.

<table>
<thead>
<tr>
<th>Sound management practice</th>
<th>How it contributes to a successful business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Planning</td>
<td></td>
</tr>
<tr>
<td>Organising</td>
<td></td>
</tr>
<tr>
<td>Leading</td>
<td></td>
</tr>
<tr>
<td>Controlling</td>
<td></td>
</tr>
<tr>
<td>Financial management</td>
<td></td>
</tr>
<tr>
<td>Ethical and socially responsible management</td>
<td></td>
</tr>
</tbody>
</table>

DISCOVER
6. Invite a successful business owner to your school to speak to your class about their business and the sound management practices they use that have led to the success of their business.

PREDICT
7. Describe a scenario where a business provides poor customer service and predict the possible outcomes of that poor service.
8. What will happen to a business that does not make use of sound management practices?

THINK
9. Role play the situation described below in which a customer is receiving poor service. At the very least you will need someone to play the part of an unhappy, irate or angry
customer and someone will need to play the part of an employee or a business owner. However, choose characters to suit your situation. Set the classroom up like a business and see if the business owner or employee can keep the customer satisfied!

Chris walks in to a clothing store with some friends and starts to browse. The group is laughing while they look through the racks of clothes. A sales assistant, believing that they are making fun of the clothes, asks them to leave while telling them, 'You don’t belong in a store as expensive as this one!'
Reason for Boost Juice success

Janine Allis and her husband Jeff chose the perfect time to launch a great product.

Janine was inspired by a trip to the United States, where juices and smoothies were common. Back in Australia Janine found, ‘In shopping centres, there was nowhere to get something healthy.’ Using her trip to the US as research, Janine explains, ‘I studied the concept of smoothies and juice and took what I liked to develop a new concept in Australia called Boost.’ The business started small with just one shop in Adelaide, giving them the chance to trial and test their products.

Janine has been hands-on in setting up the business — developing the structures, business plan and ethics that were needed to grow the business. But in the early days, it meant getting involved in every aspect: ‘I flew to Adelaide to open the first store; I ran it, scrubbed the floors and really learned the business.’

This modest start gave Janine the chance to test the market, using a popular radio station to reach Boost’s target market. To reach their goal of expanding their brand, Janine focused on strong branding as a way to lure the best franchisees and to win customers. ‘I never had the intention of opening just one store, but you have to open the first one to work out the cost of goods, your wages, expenses and income and work out if you have a viable business.’

Running her own business was a risk, but it gave Janine a way to try and balance her work and home life and the opportunity to work from home in the early days when her children were young. ‘When the time came to expand with a building program on 15–18 sites, we sold the house and put the money into the business. We’re a company where you don’t necessarily have to wear a suit or have a degree to be promoted and you can bring your children in when you have them. It’s the sort of company where you can have both.’
Other information about Boost Juice

• 2000: Opened first Boost Juice (Adelaide)
• 2002: $1 million annual turnover
• 2008: 213 stores and on track for $100 million annual turnover
• 2014: 300 stores in 10 countries and annual turnover of more than $135 million
• Highest grossing company stores: Sydney and Melbourne airports
• Highest grossing company franchisees: Chadstone and Pacific Fair Shopping Centres
• Ethical and social responsibility: Boost uses paper cups that are renewable, sustainable and biodegradable which are printed using non-toxic, food-safe inks and are not harmful to the environment. Boost Juice has a school fundraising program.

Elements of a good business case study

A good case study:

• includes a profile of the business (the trading name and the products it sells)
• explains some of the history of the business
• gives reasons why the business has been successful
• covers any other issues or questions as required
• includes extra information about the business
• is of reasonable length (approximately 300 words)
• is easy to read
• is well presented.

Show me

How to complete a case study

You will need:

• a sheet of lined paper
• a pen
• a team of three to four people.

Procedure:
To write a business case study, you will need to gather information about the business. The best way to do this is to interview the owner or someone who works at the business. If you cannot speak to someone who knows about the business, you will need to complete research on the internet or use magazines and newspapers.

**STEP 1**

Form a team of three to four people and establish the goals of your group. (In this case it will be to choose an appropriate business owner to interview.)

**STEP 2**

Work out the interview questions you will need to ask the business owner or employee. Use the questions in the ‘Let me do it’ section of this SkillBuilder as a guide.

**STEP 3**

Visit the business and interview the owner, the manager or an employee. Be polite. Do not try to interview them if they are busy. You might need to ask them if you can come back at a more convenient time. Explain why you are doing the interview and what will happen to their responses. Remember to thank the person for their time.

**STEP 4**

Complete any further research that may be needed to address all the items listed in the ‘Elements of a good business case study’ section of this SkillBuilder. You could complete your research on the internet or using magazines and newspapers.

**STEP 5**

Write your report using proper sentences and headings. Present it so that it is easy to read.

**Let me do it**

**Developing my skills**

Working in your group, use a report format to write a case study on a successful business. Use the following questions to guide you:

1. What is the name of the business and what products does it sell?
2. When and why did the owner start the business?
3. Does the owner consider himself or herself to be an entrepreneur?
4. What are the reasons for the success of the business?
5. Is there any other information or issues that need to be covered? These might include:
   a. where the business is located and why it is located there
   b. how it develops or developed a high-quality product
   c. how it maintains quality service
d. the promotion or advertising it uses

e. the number of staff it employs

f. who gave the business support and advice when the business was getting started

g. whether the business has a business plan (or ever had one)

h. who manages the finances of the business and how they are managed

i. in what ways the business is ethically and/or socially responsible.

Questions

1. How did your group decide on the business you researched and the questions asked of the owner, manager or employee?

2. Did anyone in your group display entrepreneurial behaviours while participating in the gathering of research? Explain your answer.

3. Reading the Boost Juice case study, would you say that Janine Allis is an entrepreneur? What makes you say this?

4. Explain how Janine Allis’ entrepreneurial behaviour resulted in Boost Juice becoming so successful.

Checklist

I have:

• included a profile of the business (the trading name and the products it sells)

• explained some of the history of the business

• given reasons for why the business has been successful

• covered any other issues or questions as required

• included extra information about the business

• written a report of reasonable length (approximately 300 words)

• written a report that is easy to read

• written a report that is well presented.

Review and reflect

Review

An entrepreneur is a person who is willing to take a risk and has the qualities required to turn an idea into a successful business. An entrepreneur is different from a business owner. Entrepreneurs seize opportunities and often do not know if their ideas are achievable or not. They also establish a shared vision and demonstrate initiative, innovation and enterprise. Choosing the right product and
the best location are very important for ensuring the success of the business. Providing quality service and using sound management practices allows a small business to meet customer expectations and also ensures the success of a business.

- An entrepreneur takes on a risk by starting any business with an idea, hoping to make a profit through initiative and enterprise.

- Any person, of any age, can be an entrepreneur as long as they have a great idea and the determination to make it happen.

- Business owners run businesses on a day-to-day basis to make a profit. They minimise risks and make calculated decisions where the outcome is reasonably clear. A business owner might have an idea for solving a problem and meeting that need in order to satisfy customers.

- A high-quality product is one that meets the expectations of the customer: the product is reliable, safe and easy to use, durable, well designed and delivered to customers on time.

- When locating a business, the owner needs to consider personal convenience, zoning regulations, the suitability of the premises for the business and the potential for expanding those premises, as well as visibility, accessibility, location of competitors, cost and reputation of an area.

- Businesses need to provide quality service so that customers will continue to return to the business.

- Business owners need to use sound management practices including the four crucial management roles, financial management and ethical and socially responsible management to make sure that their business is successful.

### Reflect

1. Read the following case study and then answer these questions:
   a. What business did Maureen Houssein-Mustafa start, and at what age?
   b. What behaviours and skills make her an entrepreneur?
   c. How have these entrepreneurial behaviours affected her business?
   d. In what way is Maureen Houssein-Mustafa socially responsible?
Maureen Houssein-Mustafa started the Australasian College Broadway in 1994. It is a Sydney-based business that provides training in hair, beauty and make-up. Ms Houssein-Mustafa started her business with $1600 and her fortune is now estimated at $40 million. The Australasian College employs 90 full-time staff who work with more than 1000 students. Ms Houssein-Mustafa’s original vision was to train people so that they could graduate with international qualifications and work in spas, on cruise liners, in resorts or run their own businesses. The business now offers degrees as a higher education institution, including a degree in health science and clinical aesthetics.

Four years ago, the business needed to hire a CEO (chief executive officer) to manage the business and lead it through growth and development. Ms Houssein-Mustafa found it difficult to let this person step in and take over the management of the business. She admits that she made mistakes, but believes that it is important to have a vision and hire people that share and are committed to that vision. ‘I believe that if you have a vision, a belief and a desire and are passionate and committed to your vision — not to the dollar — you can do anything,’ she says.

Ms Houssein-Mustafa says that an important contributor to her success has been her willingness to invest in her staff. One staff member believed that she was going to be working as a secretary for just one day. She has been at the business for 20 years, and is now general manager of the college.

Maureen Houssein-Mustafa is socially responsible. She works with the community in many ways, including funding scholarships to her college for unemployed youth under the SISTER2sister program.

**FIGURE 1** Maureen Houssein-Mustafa started her Sydney-based hair, beauty and make-up training business in 1994.