

## Key Characteristics of Entrepreneurs versus Small Business Leaders

(Updated: June 16, 2017)

Entrepreneurs and small business leaders are both celebrated figures. Both create jobs, opportunities for team members to embark upon successful careers. Many entrepreneurs become successful small business leaders.

However, there are differences between entrepreneurs and small business leaders. We'll examine these differences, while focusing on the characteristics of successful entrepreneurs.

Melanie Spring is a business leader and public speaker who has written a good article on the difference between being an entrepreneur and a small business leader. Excerpts from this article are included in the table below.

<b>Are You a Small-Business Owner or an Entrepreneur? The Difference is Important</b>	
<p>Small businesses are the backbone of this country. They create jobs, come up with new ways of doing old things, and help keep money in the local community.</p> <p>[T]here's confusion between the terms Small-Business Owner and Entrepreneur. Both can have small businesses, but they have different styles of leadership and thoughts on running their business. One is not better than the other, they're just different.</p>	
<b>Small Business Owners</b>	<b>Entrepreneurs</b>
<p><b>Small-business owners have a great idea.</b> They solve a problem in their community. They know their business and target audience. They know what will make their customers happy. They serve their customers.</p>	<p><b>Entrepreneurs have big ideas.</b> They dream big. They think big. They come up with ideas that haven't been tested, diagnosed, or worked through. A lot of times they don't even know if their ideas are possible, which gets them even more excited.</p>
<p><b>Small-business owners hold steady.</b> They like to know what's coming next and where it's coming from. They make calculated decisions where the outcome is clear.</p>	<p><b>Entrepreneurs love risk.</b> They step out on a ledge more often than not. They jump in with both feet knowing that if they put in their full effort, the risk will be worth it more often than not.</p>
<p><b>Small-business owners think about the things they need to finish this week.</b> They have daily and weekly to do lists. They manage employees, work with customers, network with new customers, and keep everything rocking and rolling.</p>	<p><b>Entrepreneurs are thinking ahead six months.</b> While their team is thinking about what they're doing that week, they tend to skip the now and focus on the future of the company. They have people to manage the business, and if they don't, they soon will.</p>
<p><b>Small-businesses owners are sentimental with their businesses.</b> They never plan on selling or handing their business off to someone else unless it's family. They like making the decisions and running the day-to-day.</p>	<p><b>Entrepreneurs focus on scaling.</b> They want to grow and grow they will. Although they may not focus on selling the business, they set it up to run without them. They surround themselves with experts while they end up being the rainmaker.</p>
<p><i>written by Melanie Spring, available on the website <a href="http://entrepreneur.com">entrepreneur.com</a></i></p>	

As Melanie notes, lots of entrepreneurs end up becoming effective and successful small business leaders. But within true entrepreneurs there is a constant need to focus on new opportunities and challenges. ***An unrelenting need to focus on the next opportunity is the core difference between entrepreneurs and small business leaders.***

There are countless lists of the behaviors of effective entrepreneurs. The table below provides an original list based on a variety of published lists and the personal experiences of actual entrepreneurs.

This is also a list of the behaviors of successful small business leaders, *except* where footnotes explain where there are important differences between the behaviors of an entrepreneur and those of a small business leader.

<b>Behaviors of Effective Entrepreneurs</b>		
Category	Behavior	Description of Entrepreneur's Behavior
<b>Strategic Behaviors</b>	<b>Risk-Seeking</b> <sup>1</sup>	Regards risk as a positive, the reason why new ventures generate higher returns
	<b>Inventive</b>	Believes that a new way of doing something is the key that unlocks future value
	<b>Reflective</b> <sup>2</sup>	Takes the time regularly to reflect and determine if the driving vision needs to be adjusted
	<b>Adaptive</b>	Focuses on learning, evolving and changing in response to dynamic market conditions
<b>Business Behaviors</b>	<b>Driven</b>	Dedicates an astounding number of hours to leading the organization
	<b>Proselytizing</b> <sup>3</sup>	Reaches out relentlessly to current and prospective team members, accumulating talent
	<b>Passionate</b>	Demonstrates a deep, emotional commitment to the success of the enterprise
<b>Personal Behaviors</b>	<b>Persuasive</b>	Encourages investors, team members, suppliers, etc. to collaborate and contribute
	<b>Personable</b>	Builds connections with key stakeholders that create positive energy for the company
	<b>Self-Confident</b>	Assumes positive outcomes and provides an appealing, positive image
	<b>Decisive</b>	Makes decisions quickly, based on the best data available and past personal experience
<b>Financial Behaviors</b>	<b>"Money-Wise"</b>	Displays a strong instinct for handling money wisely
	<b>"Growth-Seeking"</b> <sup>4</sup>	Seeks opportunities for growth, comfortable with reducing income to maximize growth
<b>Footnotes: Small Business Leader Behaviors that are Different than the Behaviors of Effective Entrepreneurs</b>		
1	<b>Risk-Accepting</b> - seeks to avoid or minimize risk, except where it can be reliably managed; prefer a steady return	
2	<b>Action-oriented</b> - focuses on the day-to-day, more likely to make changes based on something that just happened	
3	<b>Reinforcing</b> - focuses on making sure current team members are effective; new talented recruited opportunistically	
4	<b>"Financially-Optimizing"</b> - focuses on ensuring a steady level of income, with sufficient savings to address the unexpected	

The **Small Business Administration (SBA)** is a rich source of resources and supportive for entrepreneurs and small business leaders. The SBA created a short questionnaire that businesspeople considering becoming entrepreneurs can take to determine how ready they are to successfully launch a new enterprise.

Use this link to answer the SBA questionnaire and determine how ready you might be to become a successful entrepreneur: [https://eweb1.sba.gov/cams/training/business\\_primer/assessment.htm](https://eweb1.sba.gov/cams/training/business_primer/assessment.htm)

Regardless of the results you achieve, look carefully at those 25 questions. Those questions capture what the Small Business Administration believes are the key factors that make successful entrepreneurs and small business leaders.

Another great resource about entrepreneurship is *The Network for Teaching Entrepreneurship (NFTE or "nifty")*.

NFTE believes that the **Entrepreneurial Mindset** consists of eight characteristics (or "domains"). The table below describes each of these characteristics.

<b>The Entrepreneurial Mindset</b>	
The <b>Entrepreneurial Mindset</b> is a blend of characteristics, attitudes and skills that successful entrepreneurs share.	
<p><b>Future Orientation</b></p> <p>An <b>optimistic confidence</b>, the positive belief that a motivated entrepreneur with a vision can develop the skills, secure the resources and recruit / lead a team capable of changing the world.</p>	<p><b>Comfort with Risk</b></p> <p>A <b>courageous poise</b>, the capacity to understand risk, assess risk, mitigate risk, and ultimately embrace risk despite the inevitable uncertainties and setbacks.</p>
<p><b>Opportunity Recognition</b></p> <p>A <b>possibility perspective</b>, the positive practice of reacting to problems as challenges, each one an opportunity to create solutions that unlock possibilities and value.</p>	<p><b>Initiative and Self-Reliance</b></p> <p>A <b>proactive self-reliance</b>, the predisposition to take ownership of an opportunity without formal responsibility or explicit instructions, overcoming obstacles and independently achieving results.</p>
<p><b>Communication and Collaboration</b></p> <p>A <b>persuasive clarity</b>, the ability to clearly express concepts (verbally and in writing) that motivate everyone from investors to frontline employees to enthusiastically pursue common goals.</p>	<p><b>Creativity and Innovation</b></p> <p>An <b>inspired pragmatism</b>, the ability to synthesize creative solutions without instruction or clearly-defined structures, turning vexing challenges into promising concepts bursting with opportunity.</p>
<p><b>Critical Thinking and Problem Solving</b></p> <p>An <b>insightful intuition</b>, the capacity to combine strategic thinking and pragmatic implementation considerations to develop inventive solutions that unlock opportunity and potential shareholder value.</p>	<p><b>Flexibility and Adaptability</b></p> <p>An <b>adaptive practicality</b>, the ability and willingness to change actions, alter behaviors, reallocate resources, and / or modify plans to overcome present and future challenges.</p>
<p><i>many valuable materials are available from NFTE: go to their website <a href="http://www.nfte.com">www.nfte.com</a></i></p>	