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## BUSINESS



HANDY DEFINITION: Are you a business owner or an entrepreneur?

# Two types, different leadership

**CHERYL ROYLE**



### OPINION

WHAT'S the difference between a small business owner and an entrepreneur and is it important?

There are differences and making a distinction between the two is useful because businesses require more entrepreneurial thinking to succeed in today's world. Just because you run a business doesn't mean you are an entrepreneur.

One dictionary definition of an entrepreneur is a person who organises and operates business(es), taking on greater than normal financial risks to do so. A business owner is an individual or entity who attempts to profit from the successful operation of a business.

One is not better than the other. Both can have businesses, but they have different styles of leadership and thoughts on running their business.

One study published in the *Quarterly Journal of Economics* found that a business's legal status that separates the two - whether

it is incorporated (entrepreneur) or unincorporated (business owner). It found incorporated business owners tend to launch ventures require high-level cognitive skills, while unincorporated business owners typically lead companies that demand more manual talents.

Those researchers say entrepreneurs have generally engaged in more risky activities throughout their life. I find entrepreneurs are highly confident and focused. They will take themselves out of their comfort zone.

It is dangerous to generalise, but one useful summary I found points out four key differences.

Business owners have a great idea that fills a gap. They know their business and how to make their customers happy. Entrepreneurs tend to dream big and think big. They come up with the gaps and ideas that may not even be possible and haven't been tested. Business owners are steady as she goes whereas entrepreneurs love risk. Business owners think about this week's to do list. Entrepreneurs are thinking about the next six months or year.

Businesses owners are sentimental about their busi-

nesses and generally don't plan to sell. Entrepreneurs focus on growth. They may not focus on selling the business but use experts to set it up to run without them.

Entrepreneurs are often seen as having certain personality traits including greater self-esteem, wanting to be more in charge of their futures, and a greater reliance on intellect for jobs and income generation.

Business owners who recognise the need to be more entrepreneurial can use these summaries to help them focus on new ways of working and thinking.

For me, risk taking and looking for opportunities are always a big part of entrepreneurship. But risk management is crucial for business sustainability. Entrepreneurs and business owners are experiencing global health and environmental risks they've not prepared for. Contingency planning and business insurance are important components of a risk management plan whether you call yourself a business owner or entrepreneur.

**Cheryl Royle is the Australian government appointed Hunter entrepreneurship facilitator and a business consultant.**

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