

[Family Business](#) posted 07/10/17

Five categories of entrepreneurship



[Leif Jensen](#)

During my career I have only seen clients come up with variations of the same concept. Entrepreneurs can make certain aspects of the business look like they are new or they carve out small niches and claim them to be original.

But whether they truly have found a “Blue Oceans” or truly developed new “market segments,” I find that the types of businesses that they form fall into roughly 5 different categories.

- The 1st category consists of those who have the desire and wherewithal to venture forth and create their own business. They have their own ideas on how to run things better. They want to control their own destiny and so they plan and build their business from the ground up. This is the way I started my business.

The ideas or concepts are not necessarily new, but they will have their brand, perspective and drive, which cannot be copied by peers.

- The 2nd category I view as assuming another’s dream. The most typical example of this is family members taking over family businesses. Transferring the creator’s ownership of their vision to the second generation and beyond; they become the caretakers, who may have ideas and plans, but the original vision was not their own.

I know people who are constantly on the lookout of a business to purchase. They are interested in buying out the current owner of the business and then making it your own. This is a bit harder to find the right fit, but there are resources and people to assist in finding a business to purchase.

- The 3rd category I refer to as steal a format. This is where those who were laid off, fired or just could not stand it any longer and left their employer, to basically perform the exact same job, most times for the former employer as their main and sometimes only client.

But also in this category are those who have studied a business or industry and are planning to start a similar business. They have researched the competition or a franchise and set out to replicate the other business. Recreating it with their own ideas or with their own small flourishes.

- My 4th category is the buying of a franchise. In my conversations with bankers they state that most immigrants really like the idea of a franchise. The concept of all units being near identical homogenizes the process and allows them to easily enter the world on entrepreneurship with no judgments against them. The advertising, marketing and systems are typically addressed. All that is needed is the hard work that they eagerly provide for success.

The second group of entrepreneurs that enjoy franchises are those who are looking for a turnkey investment. They are looking for a business that will run itself as a passive investment where they hire the manager and leave the day to day running of the operation in the hands of others. They need to only focus on the financials and the business metrics.

- My 5th category is for those who are the dreamers. They talk the big game they plan and strategize about going onto their own to make it big, to take control over their own destinies.

But it is just that: they dream and plan; they may even invest a small amount of cash — but they follow the crowd and stay employees of others, preferring to retain the safety of a regular paycheck versus the venturing into the great unknown of entrepreneurship.

Practically, any business can fall into several category; restaurants easily fall into just about all of them, accounting & tax firms do as well. The concept of being your own boss is not new, while most dream about it; it truly does take a certain mindset to venture forth.

- Leif Jensen is a CPA with Leif Jensen and Associates Ltd. in Elk Grove Village.