



Developing enterprise skills

Developing enterprise skills

Introduction

What do we mean by 'enterprise'? It is the skill of taking risks. It also means learning to handle uncertainty and being able to respond to change. In business, it is taking the chance on selling new products or services to customers. The Howard Davies Review looked at enterprise. It wants it to be rooted in schools. It thought that young people should learn about it and practise it for real.

The Network for Teaching Entrepreneurship (NFTE) in schools was set up by Steve Mariotti in New York in 1986. It has now reached over 150,000 people worldwide. One of its successes is Norbury Manor school in Croydon, London.

Opportunities

No business can succeed without a winning idea. This is the first stage for success. This could be something

- * brand new
- * that a person has seen elsewhere and can sell at home
- * that is built on the success of something else (such as products to go with iPods)
- * that is someone else's good idea, available through a franchise.

Market research

Research helps to show if the idea is likely to work. It helps a business to see customers' needs. Research helps to break the market down into smaller parts. These are called segments and are easier to aim at. Enterprise may also involve a SWOT analysis. This looks at the internal Strengths and Weaknesses of an idea, and external Opportunities and Threats. Students at Norbury Manor School came up with a range of business ideas. These were both goods and services. There were goods such as badges and teddy bears. There were also services such as providing other students in the school with text- books at discounted prices.

Costs

Businesses have to cope with costs. When first set up, there are start-up costs. These only have to be paid once. There are also running costs. These are linked to the operation of the business. Running costs are usually further divided into:

- * direct costs. These are linked to output. For instance, the cost of raw materials)
- * indirect costs. These may be called overheads. For instance, power or rates. Knowing about cashflows is also vital. Cash comes in (receipts) and goes out (payments). Entrepreneurs need to know if receipts will be greater than payments. If not, they may need to borrow money. They use a cashflow forecast for this.

The most usual sources of finance are:

- * Owners funds - the owners use their own savings
- * The bank - This could be a loan or overdraft
- * Venture capital - Some people will risk their money by investing in businesses
- * Trade credit - This is common. It means paying for goods later. The students at Norbury Manor had a £50 loan to start up.

Enterprise

The students felt that they had gained. They felt they had learned to work in teams. They could manage their time better. They felt they had found many other positive qualities. They felt that many of these skills would not have been gained through the normal curriculum.

Conclusion

NFTE helps young people to experience real business. It helps them to build skills beyond those of the normal curriculum. Students learn how to set up a business. They manage market research, cash flow, teams and production. This prepares them for the real world of business and work.