



Developing enterprise skills

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Introduction

An 'entrepreneur' is a person who has 'enterprise skills and attitudes'. These are the skills of taking risks, handling uncertainty and responding to change, taking a chance on new products or processes. The attitudes could be determination, self-belief and working hard. The Howard Davies Review wants enterprise to be rooted in schools, so that young people can 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 and has now reached over 150,000 people worldwide. One of its successes is a school in Croydon, London.

Opportunities

The first stage for any successful business is to think of a winning idea. This could be a new product, something which a person has seen abroad and can make available here, or even build on the back of something else (such as products to go with iPods). There could also be the opportunity to buy into someone else's good idea through a franchise.

Market research

Research will help the entrepreneur to work out if the idea is likely to be viable. It helps them to understand customers' needs. Research can help to break the market down into smaller parts, or segments, so that they can be more easily targeted. Entrepreneurs may also decide to use a SWOT analysis. This looks at the internal Strengths and Weaknesses of their idea, and the external Opportunities and Threats. Students at Norbury Manor School came up with a range of business ideas. These were ideas for selling both goods and services – goods such as badges and teddy bears, and services such as providing other students in the school with used text- books at discounted prices.

Costs

When first established, the business must distinguish between start-up costs, which only have to be paid once, and running costs, which are linked to the continued operation of the business. Running costs are usually further divided into direct costs, linked to output (such as the cost of raw materials), and indirect costs - often referred to as overheads (such as electricity or rates). Entrepreneurs also need to estimate future cashflows and will use a cashflow forecast for this. They need to know if receipts will be greater than payments or if they will need to borrow to make up the deficit when payments are greater than receipts.

The students at Norbury Manor were supported with a £50 loan to start the business. The most usual sources for start-up costs in normal businesses are:

- * owners funds – the owners use their own savings
- * bank loans or overdrafts
- * venture capital – speculators who risk their money by investing in businesses
- * trade credit – paying for goods later.

Enterprise

The students benefited from the experience. They felt they had learned to work in teams, manage their time better and develop many other positive qualities. They felt that many of these skills would not have been developed through the normal curriculum.

Conclusion

NFTE helps young people to realise business ideas, which use skills beyond those of the traditional curriculum. Students learn how to set up a business, manage market research, cash flow, work in teams and manage production and are thus well prepared for the real world of business and work.