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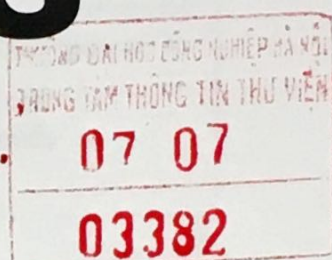
Entrepreneur's Handbook



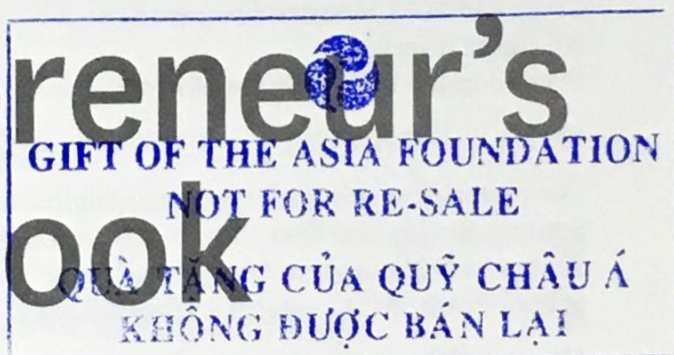
**Everything You Need
to Launch and Grow
Your New Business**



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Entrepreneur's Handbook



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Introduction

William Bygrave, a scholar and practitioner of entrepreneurship, describes an entrepreneur as someone who not only perceives an opportunity but also “creates an organization to pursue it.”

That last part of Bygrave’s definition is essential. Ideas are one thing, but opportunities as we generally understand them are best addressed through business organizations formed by entrepreneurs. Thomas Edison, for example, recognized the business opportunity in urban electric illumination, which he pursued through tireless laboratory experiments that eventually produced a workable incandescent light bulb. But invention was only part of Edison’s genius. He also formed a company that brought together the human and financial resources needed to implement his vision of commercial and residential lighting. That company was the forerunner of the General Electric Company, one of today’s largest and most powerful enterprises.

The same formula has been repeated through history: recognizing opportunity and addressing it through an organization. Some opportunities are evident and just need to be harnessed; others are created by the entrepreneur. For example, in 2007, when roommates Brian Chesky and Joe Gebbia could no longer afford the rent on their San Francisco loft, they decided to rent out space to guests. They set up a website with some photos of their apartment, quickly gaining three guests for their first weekend, at \$80 each. Soon they began hearing from others who had found their site and wanted a similar offering for informal lodging in cities around the world.

The next spring, Chesky and Gebbia enlisted former roommate Nathan Blecharczyk to help them establish Airbed & Breakfast. To raise early funding, they bought cartons of breakfast cereal, repackaged it in the theme of the 2008 election, and resold it to conventioners, raising about \$30,000. Nevertheless, their site's growth stalled. While living off the extra cereal, though, they were accepted into Y Combinator's accelerator program. In the summer of 2009, they began testing their own services to better understand their users' needs. Realizing how poorly the properties were represented online, the entrepreneurs began a photography program in which hosts could have professional shots of their properties taken.

Learning and course-correcting as they went, Chesky and Gebbia saw their customer base rocket from one thousand in 2009 to over a million in 2011. Airbnb's financials are not formally disclosed, but in 2015, market reports placed its value at \$25.5 billion with projected revenue of \$900 million for the year, based on the company's reported three-million-plus listed properties worldwide.

Not all startup stories are so bright, of course. A complete definition of the entrepreneur must also recognize another factor: risk. In the financial world, risk contains the possibility of both gain and loss. The entrepreneur puts skin in the game—usually in the form of time and personal savings. If the venture goes badly, his or her time and hard-earned savings are lost. And indeed, 75 percent of startup ventures fail to return investors' capital, according to research by Harvard Business School's Shikhar Ghosh. But if things go well, the entrepreneur can reap a sizable profit. So if you have a business idea or an idea about how to fill a market need—or even if you just think you're interested in starting a business—how do you make sure that your venture is successful?

The same basic process applies whether your idea is the next high-growth wunderkind, a robust B2B player in a critical industry niche, or a local retail shop close to home. You recognize a potential commercial opportunity and pursue it through an organization, your own managerial or technical talents, and some combination of human and financial capital. Of course it's never quite this simple; in fact, the entrepreneurial journey