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Why taking a risk is key to entrepreneurial success



Success for many people means seeking a reasonably risk-free environment. Staying out of trouble, so to say, can mean survival and a low stress existence. Career-wise the obvious way to avoid stress is to be an employee at a comfortable in an organisation. Of course as skills develop promotion may be offered as recognition which may come with

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additional responsibility that can lead to stress as risk of personal failure. However, there is some comfort in the knowledge that being an employee is the opposite to being an entrepreneur. In fact the word employee is the antonym to entrepreneur.

Being an employee is popular in Australia. The *Global Entrepreneurship Monitor* (GEM) data suggests that the vast majority, over 85 per cent, of Australians work as PAYG employees. This shows that the employee is avoiding the business risk and letting the business owners, the entrepreneurs, take the risk in the hope of making a profit from the business.

The GEM data provides a positive picture of the entrepreneurial activity and climate in Australia: It was estimated that 14.6 per cent of the Australian adult population (18- 64 years old) were actively engaged in starting and running new businesses in 2016. This equates to 2.2 million early-stage entrepreneurs. So what is the big difference between an employee and an entrepreneur?

The word entrepreneur immediately strikes up an image of a flamboyant person promoting something that is as out there as they are. The word itself is unusual, its French origin contributes to making it hard to pronounce and fiendish to spell. To get a better understanding of the word, a quick lookup of Dictionary.com sets the scene. "Entrepreneur, a person who sets up a business, taking financial risks in the hope of profit".

On closer examination, "sets up a business" sounds a lot like being involved in a start-up. "Taking on financial risks" says what it means with the word risk worthy of close attention. To add some spice the definition ends with "the hope of profit". Linking the word hope with profit certainly reinforces the early use of the word risk! The definition says it all. Entrepreneurs are all about taking on financial risks in setting up a business and live in the hoped of a profit.

The question being begged has to be "why is taking a risk key to entrepreneurial success?"

An entrepreneur embraces risk in every facet of their life. Being an entrepreneur is a very public experience. Everyone knows that you have set up or bought into a business. Many will see the emergence of an entrepreneur as a skin to a mental condition or a seizure.

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This is not unique opinion.

Michael Gerber, author of *E-Myth Revisited*, defines an entrepreneurial seizure as “the moment the entrepreneur decides it would be a great idea to start his or her own business”. The risk is all encompassing. It includes financial, social and personal. No one will be spared if you fail.

It is a fundamental element of entrepreneurship. Indeed caution should be used if a great new idea is being discussed or investment being solicited with claims of less than screamingly painful risks await. This brings to mind the investment that is billed as perhaps too good to be true is usually too good to be true. Based on all the definitions readily available, risk is key to entrepreneurial success.

Alan Manly, www.alanmanly.com.au, author of “The Unlikely Entrepreneur”

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