

Do I Have What it Takes to be an Entrepreneur – and Is My Community Ready?

Glossary

Agglomeration: Gathering into clusters or groupings (such as businesses and resources).

Benefit: Something that is an advantage or a positive component; something that promotes or enhances well-being.

Capital Resources: The equipment, tools, buildings, etc., used to produce goods and services.

Competition: In a market economy, it is the presence of multiple, independent buyers and sellers competing with one another. Each is free to enter or exit the market at will.

Costs: The amount paid or asked for a purchase, a price; something that is sacrificed for an action.

Decision-Making: Comparing the costs and the benefits of an action (such as deciding whether or not to employ resources as an entrepreneur); comparing alternatives.

Economic Resources: The things used to produce other things to satisfy people's wants. They are the land (natural resources), labor (human resources), capital resources, and entrepreneurship that are used in producing goods and services; factors of production.

Entrepreneur: A person who assumes the risk of a business enterprise; a developer of innovative products and processes.

Entrepreneurial Breadth: A measure of the number of entrepreneurs in an area.

Entrepreneurial Depth: A measure of the value created by entrepreneurs in an area, measured by income and/or value added to the economy.

Entrepreneurship: The human resource that combines necessary resources (land, labor, and capital), organizes, manages, makes decisions, and assumes the risk in order to produce a product or service.

Financial Capital: The funds used to invest in a business (often for capital resources); typically obtained through loans from a bank or other lending institution or organization.

Government Functions: Provide the legal structure, maintain competition, and promote economic stability.

High Growth Entrepreneur: Someone who owns a business that employs a large number of people and utilizes technology to a great extent. This type of business generally has a substantial positive economic impact on a region.

Human Capital: The combination of workers' training, education, and physical talents used to produce goods and services; labor.

Incentives: Rewards for engaging in an activity; something which induces action or motivates effort.

Infrastructure: The foundations of a community such as schools, roads, interstates, railroads, and public utilities (water, electricity, telecommunications).

Innovation: A new process or way of doing something; something that is new or unusual; transforming an invention into something useful for consumers; the driving force in economic progress.

Legal Forms of Business: Sole proprietorship, partnership, corporation.

Lifestyle Entrepreneur: Someone who opens a small business such as an antique shop, local café, or other unique business to satisfy a need for income or to give back to the community. This type of business generally has only a small number of employees.

Local Economy Size: The vibrance, diversity, and density of the labor, resource, and product markets in an area.

Natural Amenities: The features of a region such as topography (mountains, valleys, beaches), water area (lakes, rivers, oceans), and climate (days of sunshine, amount of snow, level of humidity, average seasonal temperature).

Opportunity Cost: The value of the next-best alternative that must be given up or sacrificed to obtain something.

Trade-Offs: The sacrifice of some or all of an economic goal, good, or service to achieve a different goal, good, or service. (See also "Opportunity Cost," above.)

Venture Capital: Financial capital made available by an investor or group of investors. The venture capitalists are often willing to assume a higher level risk than banks or lending institutions in return for a greater profit.