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CYSE 494

Week 3 Journal Entries

Entry 1: Why do ethics matter in entrepreneurship?

In entrepreneurship, maintaining good business ethics is crucially important in order for the business to be successful. The reputation of a business is directly related to how it treats the surrounding community, other businesses, investors, and customers. If a business operates unethically, customers are less likely to support its operations. Because of this, whether or not a business maintains good ethics also determines its profitability. Investors are more likely to purchase stocks and customers are more likely to buy from a business if they are known to be trustworthy and reliable.

Entry 2: How does my own personal budget relate to an entrepreneurship budget?

In entrepreneurship, knowing how to properly manage both personal and business finances is crucial to ensure the success of your business. While managing your own personal finances is similar to budgeting for a business, there are some differences between the two. If you are running a business, you may need to also consider payment for rent and utilities, your staff, insurance costs, etc. In addition to this, income may not be as consistent for entrepreneurs as it would be for those working paying jobs. In this case, it is important to accurately plan revenue ahead of time for the upcoming months. Although there are differences between the two, both personal and business budgets are essential in managing money to track income and expenses.

Entry 3: Why do we need budgets?

Budgeting is crucial in order to create financial stability; moreover, it makes it easier to make payments on time, track spending, and save for upcoming expenses. In doing so, it ensures the business can cover day-to-day expenses and prevent long term debt. Budgeting also attracts potential investors and ensures financial goals are met. By consistently planning and working on their budget, a business can ensure its profitability and success. If an entrepreneur does not plan their budgeting, they face the risk of not having an emergency fund, not making long term commitments, and not being able to expand their business and operations.

Entry 4: What is social entrepreneurship?

Similarly to business entrepreneurs, social entrepreneurs work to develop innovative solutions in order to solve a problem. However, unlike business entrepreneurs, social entrepreneurs develop and fund ideas that create a positive impact on their society or community. Although social entrepreneurs do not focus on accumulating wealth, they are still for-profit organizations that explore business opportunities to develop their products or services. While these businesses can be for-profit, non-profit, or a hybrid of the two, funds are usually used to support their

operational costs. Examples of social entrepreneurship include TOMS, FIGS, Lush, and Ben & Jerry's.

Entry 5: What are the most significant legal issues entrepreneurs face?

While creating and developing their business, entrepreneurs face numerous legal challenges. The main legal issue entrepreneurs face is setting up their business or entity. In the U.S., sole proprietorships and partnerships are the most common forms of organization; although these two are the easiest and cheapest options, they also provide the least legal protection. On the other hand, corporate forms of business are more difficult and expensive to start; however, they offer the best legal protection in the case the organization faces a lawsuit or other liabilities. In addition to setting up the entity, other legal challenges entrepreneurs face include putting the founders' agreement in writing, protecting their intellectual property, raising capital, and issues regarding staff and employment.