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Small business vs startup

Understanding the key differences between small businesses and startups.

DEFINITION

> A small business is typically a local operation focused on steady growth, while a startup aims for rapid growth and scalability, often leveraging innovation.

KEY CONCEPTS

Growth Potential

Startups seek high growth and scalability, while small businesses prioritize stable, incremental growth.

Funding Sources

Startups often rely on venture capital and investors, whereas small businesses may use personal savings or loans.

Risk Level

Startups usually face higher risks due to their innovative nature, while small businesses have more predictable outcomes.

Business Model

Startups often disrupt existing markets with new ideas, while small businesses typically follow established models.

Market Reach

Startups aim for a global or national market, while small businesses usually serve local communities.

EXAMPLES

→ A tech startup developing an app for global users.

→ A local bakery serving the neighborhood.

→ An online subscription service aiming to reach millions.

MEMORY TIPS

★ Remember 'S' for Startup = 'Scalability', 'S' for Small = 'Stability'.

★ Think of startups as 'rocket ships' aiming for the stars, while small businesses are 'steady ships' sailing smoothly.

COMMON MISTAKES

✗ Confusing small business goals with startup ambitions.

✗ Underestimating the funding needs of startups.

✗ Assuming all small businesses want to grow rapidly.

QUICK RECAP

Small businesses focus on steady growth and local markets, while startups aim for rapid expansion and innovation. Understanding these differences is crucial for aspiring entrepreneurs.