

ONE PAGE SUMMARY

Entrepreneurship & Startup > Entrepreneurship Fundamentals > Startup Fundamentals

Small business vs startup

Understand the key differences between small businesses and startups.

DEFINITION

A small business focuses on steady growth and local markets, while a startup aims for rapid growth and scalability in larger markets.

KEY CONCEPTS

Growth Potential

Startups seek high growth and scalability, often aiming for large market shares.

Funding Sources

Startups typically rely on venture capital or angel investors, while small businesses often use personal savings or bank loans.

Business Model

Startups often innovate with new business models, whereas small businesses usually follow established models.

Risk Level

Startups face higher risks due to uncertainty, while small businesses generally have lower risk profiles.

Market Focus

Small businesses often serve local markets, while startups target broader, often global markets.

EXAMPLES

- A local bakery is a small business focused on community customers.
- A tech startup developing an app for global users seeks rapid scaling.
- A family-owned restaurant typically operates as a small business with steady growth.

MEMORY TIPS

- ★ Remember 'S' for Startup means 'Scalability' and 'S' for Small means 'Steady'.
- ★ Think of startups as 'rocket ships' aiming for the stars, while small businesses are 'steady ships' sailing smoothly.
- ★ Use the acronym GFRM: Growth, Funding, Risk, Market to recall key differences.

COMMON MISTAKES

- ✗ Confusing the goals of startups with those of small businesses.
- ✗ Assuming all small businesses are unambitious or stagnant.
- ✗ Overlooking the importance of innovation in startups.

QUICK RECAP

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