What is Enterprise?

The meaning of enterprise

The term "enterprise" has two common meanings.

Firstly, an enterprise is simply another name for a business. You will often come across the use of the word when reading about start-ups and other businesses…"Simon Cowell's enterprise" or "Michelle set up her successful enterprise after leaving teaching".

Secondly, and perhaps more importantly, the word enterprise describes the actions of someone who shows some **initiative** by taking a **risk** by setting up, investing in and running a business.

Look again at two key words above – **initiative and risk.**

A person who takes the **initiative** is someone who "**makes things happen**". He or she tends to be decisive. A business opportunity is identified and the person does something about it. Showing initiative is about taking decisions and being bold – not everyone is like that!

Risk-taking is slightly different. In business there is no such thing as a "sure fire bet". All business investments carry an element of risk – which is the **chance or probability** that things will go wrong. At the worst, the risk of an enterprise might mean the person making the investment loses all his/her money or becomes personally liable for the debts of the business.

The trick is to take **calculated risks**, and to ensure that the likely **returns** from taking a risk are enough to make the gamble worthwhile.

Someone who shows enterprise is an **"entrepreneur".** So let's look at that term next!

What is an entrepreneur?

There are many definitions of what is meant by an entrepreneur, but they tend to say the same thing, which is that an entrepreneur is…

Someone who takes a risk by starting a business

An entrepreneur is someone who is enterprising. In other words he/she:

- Takes the initiative in trying to exploit a business opportunity
- Takes time to understand and calculate the risks involved
- Makes an investment to set up the business
- Goes ahead, despite the risk that the business venture might fail