

Chapter 2 What is a Business?

Are you *clear* what a ‘business’ actually is?

People in different cultures perceive ‘business’ in different ways.

Sadly, most ethnic Western Europeans see ‘business’ in a poor light. Many who are employed even fail to understand that if there weren’t any businesses they wouldn’t have an employer.

The fact is that in western Europe ‘business’ is portrayed by the media as inherently ‘bad’, its purpose being to ‘exploit’ people both as ‘workers’ and customers.

Although ‘business studies’ as a subject is taught in the education systems *it is almost entirely from the viewpoint of training people to be employees.*

Even at MBA (Master of Business Administration) level it’s all about running and operating a company from within rather than establishing and owning a business.

Becoming an entrepreneur is discouraged as being a little ‘shady’ or at least a high risk option.

Setting up and owning your own business is only very rarely seen as a ‘career choice’ and becoming ‘involved’ in an already well-established (and entirely legal) ‘business opportunity’ is often seen as falling for some sort of ‘scam’.

The advice you might get from friends, family and partner is “Why can’t you get a ‘proper job’?!”

What a business is NOT.

First, although the words are usually considered synonymous, a ‘business’ is not necessarily a ‘company’.

It may use a company as a framework but it’s not the same thing. Some companies are not businesses and vice versa.

Second, **owning a business is not the same as being ‘self-employed’**. There is a significant difference and it’s not about the business being an officially registered company.

Neither is a business any form of physical entity such as a shop, or a salon, or a hotel, or a fleet of vehicles, or a factory. They may be part of how the business operates, but they are not the business themselves.

What a business IS

Again, most definitions of ‘business’ talk not about what a business **is** but provide descriptions in terms of what it *does* or how it operates:

The activity of buying and selling goods and services

Cambridge Dictionary

An organisation or economic system where goods and services are exchanged for one another or for money.

BusinessDictionary.com

Or in terms of its purpose:

The purpose of a business is to create and keep customers

Peter Drucker

The purpose of business is maximizing profit for the shareholders

Milton Friedman

But that's not the whole story.

In legal terms, a business is an independent entity. It's not what you do, or what you intend, **it's something you own.**

You see . . .

A **Business** is a **stand-alone entity** (which you own) which once you have built it will generate a continuing and increasing income for you, whether you decide to do any more work or not.

Which means . . .

- If the income your business receives from its customers or clients depends entirely on the work that

you do personally or the time that **you** spend doing it then it isn't a business.

- If the income to the business stops when **you** for one reason or another aren't able to 'work' then it's not a business.
- If when you employ other people to operate the business the income fails to grow when you personally aren't engaged with it, then again it's not a business or it hasn't yet achieved the critical mass that will cause it to become a business.

The income generated does not depend on the time that you spend 'doing' the business

The income generated does not depend directly on you and what you personally do

So, a business **is** something that -

- **generates an ongoing recurring income for you** - and, as it's 'owner' . . .
- **that You create and grow**

Also . . .

It may be a means to an end by creating income that you will use for another purpose.

Or . . .

It may be an end in itself, when, *as well as* providing you with an income for life, it fulfils a need or passion that fulfils you in other ways.

Here's the thing . . .

Do you want a business to generate an income you'll use for something else?

Or . . .

Do you have a passion that will be fulfilled by turning it into a business?

Or . . .

Do you just want to get out of the world of employment and 'be your own boss' or 'do your own thing'?

Once your business has reached a critical mass you can then spend more time working **ON** the business so that it becomes independent of **you**.

For a quick recap watch this short video about what a business, a 'personal business' actually is and what it can do for you.

[Watch the Video – What is a Business?](#)