



جامعة السلطان مولاي سليمان
Université Sultan Moulay Slimane

High School of Technology
University Sultan Moulay Slimane
Beni Mellal



Starting Your Own Business: The Entrepreneurship Alternative

Presented by: Pr Fatima Zahra El Arbaoui

Why are you Interested in Entrepreneurship?

I have a
technological
breakthrough!



I have
an idea!



I have
a passion!



In any of these cases, at this stage you may want simply to uncover the world of startups and entrepreneurship. If so, let us get started!



INTRODUCTION



Entrepreneurship has become increasingly important for businesses of all sizes around the world.

A Challenge

**Please write a One Sentence Definition of
Entrepreneurship**





What is Entrepreneurship ?

Entrepreneurship is an “act of establishing a new venture” Christensen et al, (2000, p.4)

“Entrepreneurship is the creation of organisations.” Gartner (1988, p.11)

Process of creating something new and assuming the risks and rewards

The Startup Reality

- The grim reality is that most startups fail
- There are five essential elements that lead to successful startups



IDEA



**TEAM &
Execution**



BUSINESS MODEL



FUNDING



TIMING

Rewards of Entrepreneurship

creating your own destiny

being your own boss

doing something you enjoy

being creative

setting your own schedule

having job security

making more money

being recognized in the community



Risks of Entrepreneurship

Long hours and hard work

Uncertainty of income

being fully responsible

Credits, competition and taxes

High levels of stress



6. The Role of Entrepreneurship in Economic Growth

- New businesses create jobs and therefore reduce unemployment, crimes, poverty, homeless, brain drain, illegal immigration.
- New businesses make profits and are taxed by the government. Taxes are used to improve the living conditions of people.
- New businesses make our country more competitive internationally
- Promotes Country's Export Trade
- Generation of innovation that leads to the creation of new product and service.
- Modification on existing product to better suit market and customers' needs.




Who is an Entrepreneur?




Who is an Entrepreneur?

An individual who undertakes the
risk associated with creating,
organizing,
and owning a business.






The word entrepreneur was derived from the French word “entreprendre”, which means “to undertake” (Kuratko, 2016).



An *entrepreneur* is a person who seeks a profitable opportunity and takes the necessary risks to set up and operate a business.





In
contemporary
markets,
entrepreneur
act as:

innovators or
developers
who identify
and capture
opportunities

transform the
opportunities
into
merchandisab
le concepts

create value
through
multiple
stakeholders
and resources

take risks
whilst seeking
rewards for
their ventures
and efforts
(Kuratko,
2016)



Common Myths About Entrepreneurs

- Myth 1: Entrepreneurs Are Born Not Made
 - This myth is based on the mistaken belief that some people are genetically predisposed to be entrepreneurs.
 - The consensus of many studies is that no one is “born” to be an entrepreneur; everyone has the potential to become one.
 - Whether someone does or does not become an entrepreneur, is a function of their experiences, and personal choices.



Common Myths About Entrepreneurs

- Myth 2: Entrepreneurs Are Gamblers
 - Most entrepreneurs are moderate risk takers.
 - The idea that entrepreneurs are gamblers originates from two sources:
 - Entrepreneurs typically have jobs that are less structured, and so they face a more uncertain set of possibilities than people in traditional jobs.
 - Many entrepreneurs have a strong need to achieve and set challenging goals, a behavior that is often equated with risk taking.

Common Myths About Entrepreneurs

- Myth 3: Entrepreneurs Are Motivated Primarily by Money.
 - While it is naïve to think that entrepreneurs don't seek financial rewards, money is rarely the reason entrepreneurs start new firms.
 - In fact, some entrepreneurs warn that the pursuit of money can be distracting.



Common Myths About Entrepreneurs

- Myth 4: Entrepreneurs Should Be Young and Energetic.
 - The most active age for business ownership is 35 to 45 years old.
 - While it is important to be energetic, investors often cite the strength of the entrepreneur as their most important criteria in making investment decisions.
 - What makes an entrepreneur “strong” in the eyes of an investor is experience, maturity, a solid reputation, and a track record of success.
 - These criteria favor older rather than younger entrepreneurs.



Characteristics of Successful Entrepreneurs

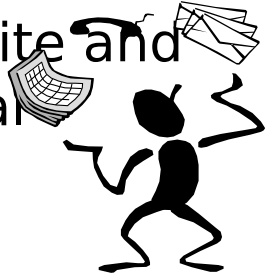


Personal Characteristics of Successful Entrepreneurs

- Persistent
- Creative
- Responsible
- Independent
- Enthusiastic
- Restless
- Smart
- Goal-oriented
- Self-confident
- Risk taker

Skills needed by successful entrepreneurs

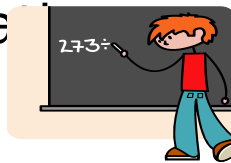
- Communication skills (possessing the ability to read, write and speaking in an understandable, accurate and professional manner)



- Human relations skills (the ability to build and maintain positive relationships, working well with others)



- Math skills (knowledge of basic arithmetic and business math skills such as calculating profit)



Skills needed by successful entrepreneurs

- Problem-solving and Decision-making skills (the ability to assess situation and make good decisions)
- Technical skills (knowledge of computers and how to use them productively)
- Basic business skills (knowledge and understanding of the economy and business functions such as marketing and management)



7. Entrepreneurship model

The ACRO model was introduced to focus on the attitudes, skills and behaviors needed to enable young people to meet the needs of business in the 21st century

ACRO: is the abbreviation of;

- Attitude
- Creativity
- Relationship
- Organization

•**Attitude.**

If you want to succeed at anything in life, having the right attitude is vital. This dimension is about understanding yourself, your motivations and how to achieve your goals.

•**Creativity**

You don't need to be a genius to be creative. It is about the ability to generate fresh ideas, solve problems and spot new opportunities.

•**Relationship**

It's all about people, the ability to communicate effectively, expressing your own views and ideas, appreciating others' viewpoint and working co-operatively

•**Organization**

Making informed decisions and fulfilling your objectives by planning and managing situations, resources and risk

A decorative vertical bar on the left side of the slide, composed of numerous overlapping circles of various sizes and colors, including blue, yellow, orange, pink, and green.

Types of Entrepreneur

Clarence Danhof classified entrepreneurs into four groups on the basis of economic development:

- Innovating Entrepreneurs
- Adoptive or Imitative Entrepreneur
- Fabian Entrepreneur
- Drone Entrepreneur

A decorative vertical bar on the left side of the slide, composed of numerous overlapping circles of various sizes and colors, including blue, green, yellow, orange, and pink, creating a bubbly, abstract effect.

Who is the manager?

An individual who takes the responsibility of controlling and administering the organisation is known as a manager.

DISTINCTION BETWEEN AN ENTREPRENEUR AND A MANAGER

ENTREPRENEURS

- 1. Status:*** *An entrepreneur is the owner of his enterprise. He makes his own investment and owns his business.*
- 2. Target:*** *The main target of an entrepreneur is to start his venture by setting up as a sole-trader or firm or a company.*

MANAGERS

- 1. Status:*** *A manager is just an employee in the enterprise which is owned and run by entrepreneur.*
- 2. Target:*** *The main goal or motive of a manager is to give his services to an enterprise set up by someone else i.e. an entrepreneur.*

ENTREPRENEURS

3. *Decision making:* *All of the policies and strategic decisions, like those comprising of expansion diversification, take-over etc are taken by the entrepreneur.*

4. *Rectification of wrong decisions:* *The wrong decisions taken by the entrepreneur may not be rectifiable and may result in losses or even closure of the unit.*

MANAGERS

3. *Decision making:* *While all those managerial, operational decisions which would have impact on the short-and medium-term results are taken by the managers.*

4. *Rectification of wrong decisions:* *Whereas the wrong decisions taken by the managers can be amended and rectified by them.*

ENTREPRENEURS

5. Innovations: *An entrepreneur innovates and exploits his innovation commercially.*

6. Risk bearing: *An entrepreneur being the owner of his unit undertakes all risks and uncertainty of running his enterprise.*

7. Skills: *The skill expected from an entrepreneur is in the form of creativity, innovation, desire for high achievement, intuition, etc.*

MANAGERS

5. Innovations: *A manager is merely an officer or an executive who is appointed for the promotion of the unit.*

6. Risk bearing: *A manager doesn't bear any risk because he is paid fixed salary.*

7. Skills: *Whereas manager depends on public dealing abilities and conceptual abilities.*

ENTREPRENEURS

8. Qualification: *An entrepreneur doesn't need to have distinct degree from a reputed university.*

9. Rewards: *The reward of an entrepreneur is the profit earned by him.*

MANAGERS

8. Qualification: *On the other hand, a manager nowadays needs to possess degree in the stream of management theory and practice.*

9. Rewards: *A manager gets his monthly salary as his reward for the services rendered by him.*



The Entrepreneurial Process



5 Steps of the Entrepreneurial Process

- 1. Discovery
- 2. Concept Development
- 3. Resourcing
- 4. Actualization
- 5. Harvesting



Step 1: Discovery

- The stage in which the entrepreneur generates ideas, recognizes opportunities, and studies the market.
- **Entrepreneurs consider the following:**
 - Hobbies or Skills
 - Consumer Needs and Wants
 - Conduct Surveys and Questionnaires
 - Study Demographics



Step 2: Concept Development

- **Entrepreneurs prepare the following in this step:**
- Develop a Business Plan
 - A detailed proposal describing the business idea
- Choose Location for the Business
 - Is the business online or does it have a physical location for customers to visit to purchase products, services or combinations.
- Decide if the idea will need a Patent or Trademark
 - Patent -
 - Trademark -

Step 3: Resourcing

- The stage in which the entrepreneur identifies and acquires the financial, human, and capital resources needed for the venture startup, etc.
- **Entrepreneurs contemplate the following:**
 - Identify Potential Investors
 - Apply for loans, grants and financial assistance
 - Hire employees



Step 4: Actualization

- The stage in which the entrepreneur operates the business and utilizes resources to achieve its goals / objectives
- **Entrepreneurs prepare for the following:**
 - Grand Opening of the Business
 - Day to Day Operations of the Business



\$\$ Grand Opening \$\$

Day-to-Day Operations

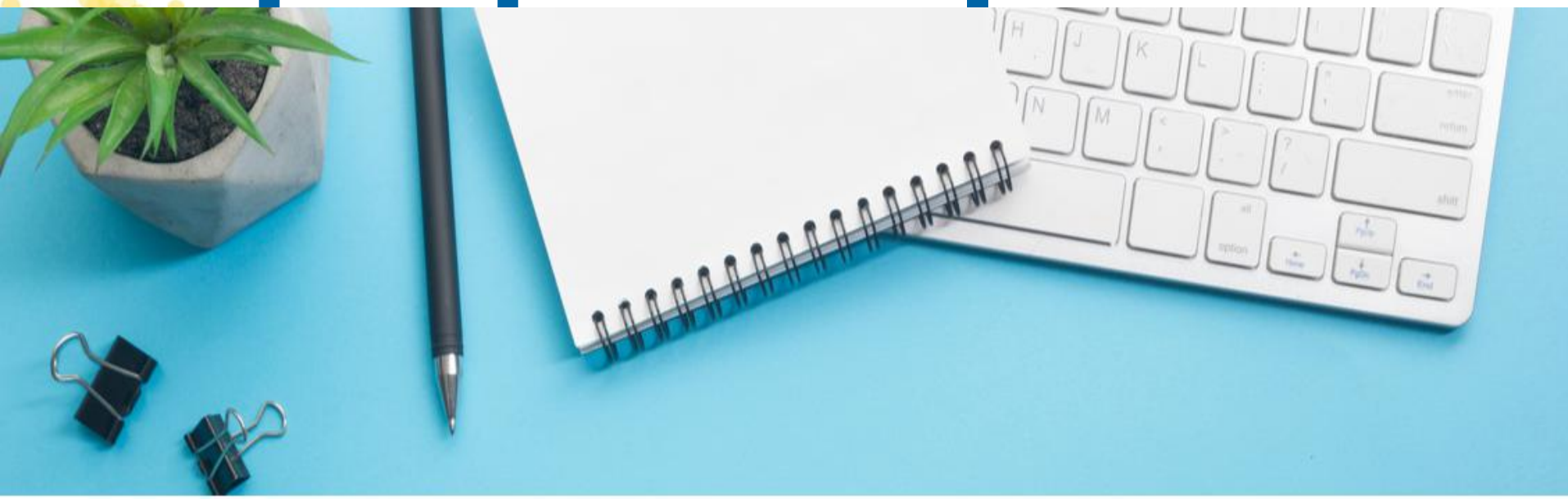


Step 5: Harvesting

- The stage in which the entrepreneur decides on venture's future growth, development, or demise.
- **Entrepreneurs consider the following:**
- Future Plans for the Business:
 - Expansion to additional locations
 - Company to change structure



M a k i n g a



A decorative vertical bar on the left side of the slide, composed of numerous overlapping circles in shades of blue, yellow, orange, pink, and green, creating a vibrant, bubbly effect.

Max Babych, CEO at SpdLoad:


“A business plan can simply be considered as answers to a number of questions. Try to answer only a few questions at a time. Preparing a small part of a business plan at a time is easier than locking yourself in your office for several weeks to complete the job immediately and completely.”



1. Questions you ask before you quit your job:

To self-assess, ask yourself the following questions and answer honestly.

1. What kind of business do I want to start?
2. Why do I want to start a business?
3. Why do I believe I can make this type of business work?
4. Why do I believe this type of business is sustainable?
5. What education, skill or experience do I have in this field?
6. What is my true purpose and/or the goal I hope to accomplish with this business?
7. Where I can establish my business?
8. Is it the right moment to start the business?



9. If I will need financing, do I have the resources and credit worthiness necessary to be eligible?

10. What are my strengths?

11. What are my weaknesses?

11. What knowledge and skills do I have to start and control the day-to-day operations of a business?

12. What sacrifices and risks am I willing to take to be successful?

13. What will it take for me to balance personal life and business demands?

14. Who will be my partners, my sponsors, my competitors and my suppliers.

15. How can I publish my products?

2. Know your location

The right location is often critical to the success of a business. There is much to consider when deciding on the location of your business including:

- Demographics
- Foot Traffic
- Parking
- Competition
- Building structure
- Zoning
- Site's Image and History- future
- Cost
- Safety
- visibility and accessibility
- Image and reputation
- Public transport : taxi, bus



4. Know your customers:

the difference between customers and consumers?

Customer : The one who **buys the product** is called a customer

Consumer : The one who **uses the product** is called a consumer.





Types of customers: There are five levels of customer loyalty:

Loyal Customers : They represent no more than 20 percent of our customer base, but make up more than 50 percent of our sales.

Discount Customers: They shop in our stores frequently, but make their decisions based on the size of our markdowns.

Need-Based Customers: They have a specific intention to buy a particular type of item.

Impulse Customers: They do not have buying a particular item at the top of their “To Do” list, but come into the store on a whim. They will purchase what seems good at the time, they are addicted to fashion and new collection.

Wandering Customers: They have no specific need or desire in

-What are the customer needs

can be divided into **categories:**

The need to be understood

Customers need to feel that the message they are sending is being correctly received and interpreted

The need to feel welcome

Customers need to feel that you are happy to see them

The need to feel important

Customers like to feel important and special

The need for comfort

Customers need physical and psychological comfort

The need for Transparency

The need for Information

The need for the highest quality with the lowest prices





Customer satisfaction survey

What is a customer satisfaction survey?



A customer satisfaction survey is a study designed to help businesses understand what their customers think about their products or services, their brand, and their customer support.

Customers expectations

- Quality



- Price



- Services



- Image



- Delivery



- After sale- service

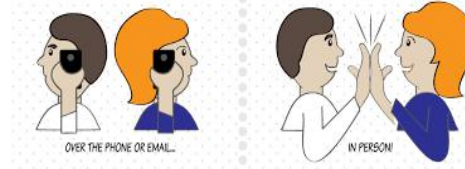


Forms & tools of measurement

- Observation



- Phone



- Face- to- face



- Company's website



- Letters

- Social media



- Forums



- E-mail

- Questionnaire



Customer satisfaction survey tips

- Be direct and honest.
- Be honest about the purpose of your survey.
-
- Unmask your mistakes.
- Talk of future discussions.



Advantages of customer satisfaction survey

- Showing your customers you value them
- Increasing profitability
- Gain Valuable Feedback
- Listen to what customers have to say
- Understanding Your Customer's Perspective
- Determine Your Priorities
- Maintain Reputation
- Word-of-Mouth Advertising
- Maintain Customer Loyalty
- Build a bridge between the company and the customer
- Identify 'at risk customers' and try to satisfy them



10 Most Important Questions To Ask in A Restaurant Survey

How likely is it that you would recommend our restaurant to a friend?

How often do you dine at our restaurant?

What did you like about our food menu?

What did you dislike about our food menu?

Are there any drinks you'd like to see on our menu?

How did our wait staff do?

How do you feel about the speed of your service?

Did our staff meet your needs?

Please rate the cleanliness of our restaurant.

Would you eat here again?



Customer complaint procedure

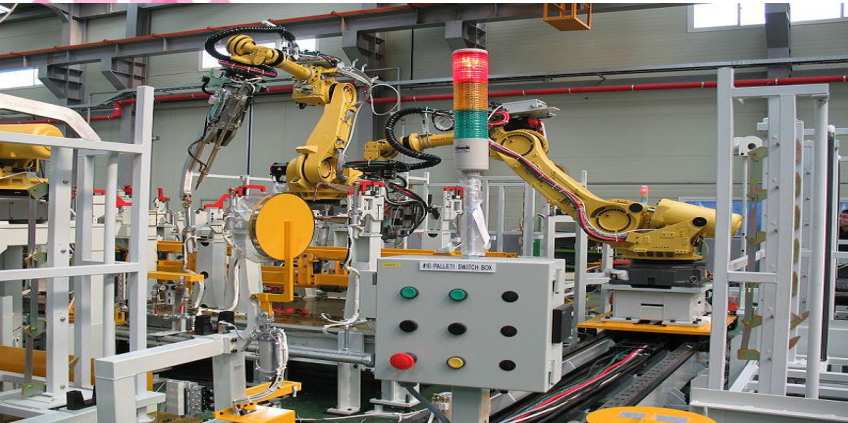


1. Provide the customer with the opportunity to complain
2. Give the customer your full attention
3. Listen respectfully
4. Agree that the problem exists
5. Give clarification and explanation
6. Apologize
7. Handle the complaint: solving the problem
8. Give promises
9. Thank him for his understanding/ comprehension



Know your resources:

- Human Resources
- Material Resources
- Financial Resources



Human Resources: Employees

The process of hiring new employees

1. Identify the hiring need
2. Write a job description
3. Advertise the Position
4. Review Applications
5. Interviews
6. Applicant Assessment
7. Decision
8. The Job Offer and Notifications
9. Negotiate Salary Details and Start Date
10. Signing contract
11. Onboarding



Most Common Job Interview Questions

1. Tell Me About Yourself.
2. How Did You Hear About This Position?
3. Why Do You Want to Work at This Company?
4. Why Do You Want This Job?
5. Why Should We Hire You?
6. What Are Your Greatest Strengths?
7. What Do You Consider to Be Your Weaknesses?
8. What Is Your Greatest Professional Achievement?
9. Tell Me About a Challenge or Conflict You've Faced at Work, and How You Dealt With It.
10. Why Are You Leaving Your Current Job?
11. How Do You Deal With Pressure or Stressful Situations?
12. Where Do You See Yourself in Five Years?
13. What Makes You Unique?
14. What Are Your Salary Requirements?



A decorative vertical bar on the left side of the slide, composed of numerous overlapping circles in shades of blue, yellow, orange, pink, and green, creating a bubbly, abstract effect.

Financial resources

Money

Capital

Budget

Funds

Fees

Definition of financial resources

- Financial resources refers to all financial resources available for use in organisation. They are a part of company's liquid assets, which are usually used as business continuity funds, to provide continuous running of all processes in the organisation (Pride W., Hughes R., Kapoor J. 2009, p.9).



Types of Funding

- Cash
- Checks
- Stocks and bonds
- Foreign currency
- Operating income



Estimating Realistic Startup Costs

- When the nature of the new business has been decided, it will be necessary to estimate the cost of starting operations. These may include the cost of:
 - Accountant and legal fees
 - Equipment
 - initial stock
 - insurance, etc.
 - Permits and licenses
 - Logo design
 - Website design
 - Brochure and business card printing
 - Down payment on rental property
 - Improvements to chosen location

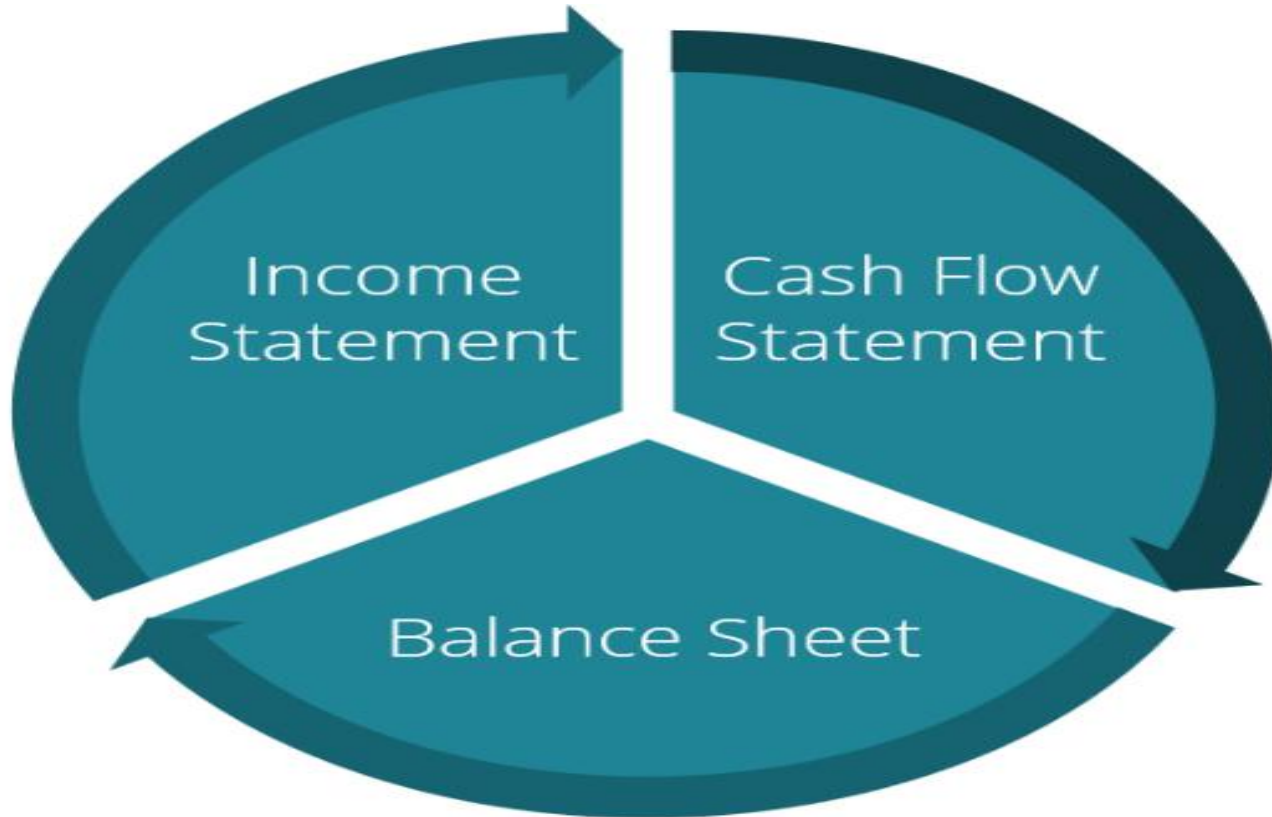


Obtaining funds

- Personal saving
- Friends and Family;
- Partners;
- Sponsors
- Finding investors
- Bank Loans
- Government Programs
- Corporate Programs



The financial statements



Income statement

- An income statement is a simple summary of the business' cash generating ability.
- It should be prepared on a monthly basis and should contain at least the following information:
 - income (money earned by selling your product or service)
 - cost of materials
 - operating expenses (own salary, labour costs, overheads such as electricity and water, etc.)
 - repayment of loan (capital + interest)
 - gross profit (the earning after cost of production, including the repayment of the loan, has been reduced from the money earned from sales)
 - taxes
 - net profit (the earnings of the business after taxes have been paid).

Excel Sports Income Statement

For the quarter ended 30 September 2018

Revenue	Merchandise Sale	25,800
	Revenue from Training	5,000
	Total Revenue	30,800
Expenses	Procurement Costs	8,000
	Wages	700
	Rent	1,000
	Interest Paid	500
	Transportation	300
	Utilities	150
	Total Expenses	10,650
Gains	Income from sale of van	2,000
Losses	Settlement cost of consumer lawsuit	800
Net Income	(Revenue + Gains) - (Expenses + Losses)	21,350

Best Coffee Shop Company

INCOME STATEMENT

For the year ended Dec. 31, 2021

Revenues:

Coffee Sales Revenues	35,000	
Pastries Sales Revenues	<u>20,000</u>	
Total Revenues		<u>55,000</u>

Expenses:

Cost of Goods Sold	12,000	
Salaries Expense	10,000	
Rent Expense	5,000	
Utilities Expense	<u>2,500</u>	
Total Expenses		<u>29,500</u>

Net Income (Loss)		<u>25,500</u>
--------------------------	--	---------------

Cash flow statement

- A cash flow statement is important because it gives the entrepreneur an idea of the amount of liquid cash available in the business at any given time. It is prepared by recording all income received by the business on the one hand, and all expenditures incurred by the business on the other.
- The difference between the two will give an indication of the positive or negative cash flow situation in the business at the end of a given period.

CASH FLOW - Months	Jan 2021	Feb 2021	Mar 2021
✓ Cash Received			
✓ Sales			
> Coffee - Hot Drinks	2,628.00	2,759.40	2,897.37
> Other Hot Drinks	2,063.00	2,244.65	2,443.25
> Cold Beverages	510.00	545.00	580.00
> Coffee Delivery Subscription		125.00	243.75
Total of Sales	5,201.00	5,674.05	6,164.37
Total of Cash Received	5,201.00	5,674.05	6,164.37
✓ Cash Paid on Goods and Services			
> Sales	(2,348.89)	(1,641.73)	(1,802.60)
✓ Operating Costs			
> Office Costs	(1,026.67)	(1,026.67)	(1,026.67)
> Web & E-commerce	(34.99)	(34.99)	(34.99)
Total of Operating Costs	(1,061.66)	(1,061.66)	(1,061.66)
✓ Marketing			
> Local marketing	(130.00)	(220.00)	(220.00)
> Digital marketing	(140.00)	(140.00)	(140.00)
Total of Marketing	(270.00)	(360.00)	(360.00)
Total of Cash Paid on Goods and Services	(3,680.55)	(3,063.38)	(3,224.26)
> Employee Costs Paid	(800.00)	(2,211.18)	(2,305.16)
> Interest Paid	(31.25)	(30.38)	(29.51)
Operating Activities	689.20	369.11	605.44

Budget after actions---Cash Flow Statement

Cash flow statement	2009	2010(before)	2010(after)
Operating cash flow :			
Operating profit (loss) for year	¥ 10,000	¥ 33,798	¥ 101,877
Add: depreciation	82,000	82,000	82,900
	92,000	115,798	184,777
Changes in working capital:			
Less: Increase in inventories	6,000	3,586	17,851
Add: Increase in trade payables	16,000	16,871	84,032
	102,000	129,083	250,958
Investing activities			
Capital expenditure	Nil	Nil	-5,000
Financing activities:			
Repayment of loan including interest	-100,000	-100,000	-100,000
Overall cash flow	2,000	29,083	145,958
Add: Opening bank balance	196,000	198,000	198,000
Equals: Closing bank balance	¥ 198,000	¥ 227,083	¥ 343,958

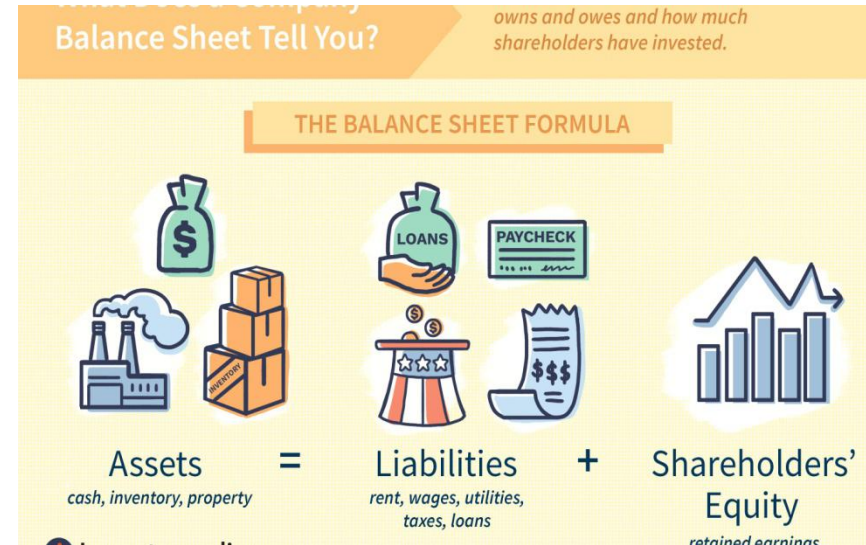
Cash flow goes down since we suggest purchasing a second-hand piano

After actions, the cash flow of Pudong coffee shop has greatly improved

Since depreciation does not need to pay, that is why the profit shows a negative with a cash flow positive

Balance sheet

- It can also be referred to as a statement of net worth, or a statement of financial position. The balance sheet is based on the fundamental equation:
- $\text{Assets} = \text{Liabilities} + \text{Equity}$.



BALANCE SHEET
December 31, 2100

ASSETS

Current assets

Cash and cash equivalents	\$ 100,000
Accounts receivable	20,000
Inventory	15,000
Prepaid expense	4,000
Investments	10,000
Total current assets	149,000

Property and equipment

Land	24,300
Buildings and improvements	250,000
Equipment	50,000
Less accumulated depreciation	(5,000)

Other assets

Intangible assets	4,000
Less accumulated amortization	(200)

Total assets	\$ 472,100
--------------	------------

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities

Accounts payable	\$ 30,000
Notes payable	10,000
Accrued expenses	5,000
Deferred revenue	2,000
Total current liabilities	47,000

Long-term debt	200,000
----------------	---------

Total liabilities	247,000
-------------------	---------

Shareholders' Equity

Common stock	10,000
Additional paid-in capital	20,000
Retained earnings	197,100
Treasury stock	(2,000)

Total liabilities and shareholders' equity	\$ 472,100
--	------------

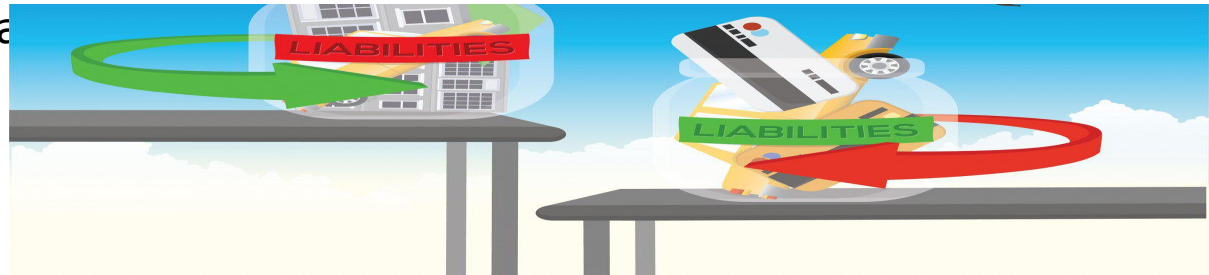
Assets

- Ever heard the phrase “Tom is an asset to the company”? The meaning is clear . Tom is a good worker that brings value to the organization. In accounting terms, an asset is any item of value to the company: tangible (property, inventory , equipment) or intangible (patents, trademarks, copyrights, accounts receivable and even reputation).



Liabilities

- Meet Michael. Tom's friend. Unlike Tom, Michael is a liability to the company.
- Under the umbrella of accounting, liabilities refer to a company's debts or financially-measurable obligations. Liability is also classified as current or long-term.
- Current liabilities are obligations that the company should settle one year or less. They consist, predominately, of short-term debt repayments, payments to suppliers, and monthly operational costs (rent, electricity,) that are known in advance.
- Long-term liabilities, on the other hand, include debt such as loans used to purchase fixed assets. These are pa



Equity

- Once you've figured out how much you have and how much you owe, it's natural to ask one more question:
- "How much is left over?"
- That's what looking at your equity tells you: how much value is left over once you've totalled up everything valuable that you have, and subtracted everything you owe to your creditors. For a small business owner, equity is the net worth of your business.
- Put another way: when you take all of your assets and subtract all of your liabilities, you get equity.



A decorative vertical bar on the left side of the slide, composed of numerous overlapping circles in various colors including blue, yellow, orange, pink, and green, arranged in a vertical gradient.

Material Resources

Material Resources are the tangible assets of company that can use to achieve its objectives and targets.

Material resources are dynamic nature .

They are changed with the change in time and technology. When new technology are Implemented, it may be replace old machines by new better performance.



The choice of materials depends on

The size of the company

COMPANY SIZE

Determine if you are a new company (1-5 years in business) or an established company (5+ years in business with brand equity/market share).



The type of production



Types of materials

Materials of production



Materials of administration

