



Entrepreneurial Process

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Objectives

- At the end of class, you should be able to:
 - Explain the entrepreneurial process
 - Discuss factors influencing the entrepreneurial process
 - Explain Functions of Entrepreneurship
 - Discuss the source of entrepreneurial ideas
 - Distinguish between innovation driven enterprises versus MSME businesses
 - Apply creative problem-solving approach to identifying a business idea

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The Entrepreneurial Process



It is useful to break the entrepreneurial process into five phases: idea generation, opportunity evaluation, planning, company formation/launch and growth. Although it is natural to think of the early steps as occurring sequentially, they are proceeding in parallel. Even as you begin your evaluation, you are forming at least a hypothesis of a business strategy.

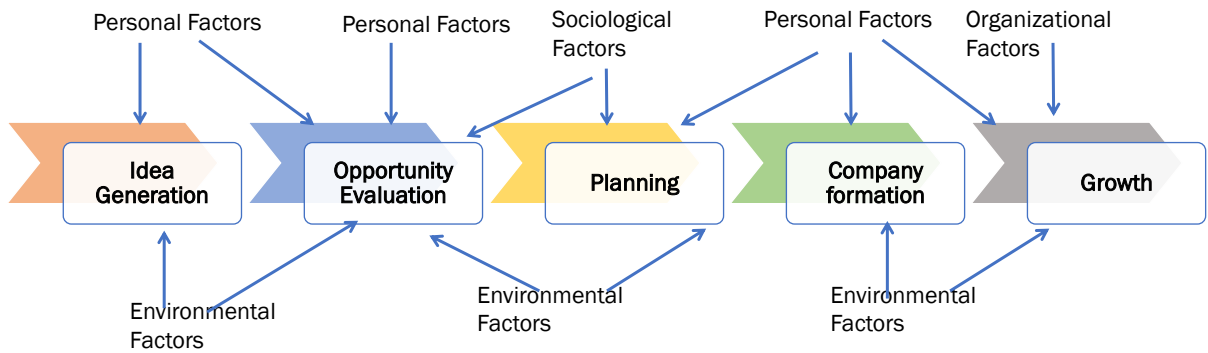
1. Idea Generation: every new venture begins with an idea. In our context, we take an idea to be a description of a need or problem of some constituency coupled with a concept of a possible solution.
2. Opportunity Evaluation: this is the step where you ask the question of whether there is an opportunity worth investing in. Investment is principally capital, whether from individuals in the company or from outside investors, and the time and energy of a set of people. But you should also consider other assets such as intellectual property, personal relationships, physical property, etc.

The Entrepreneurial Process



3. Planning: Once you have decided that an opportunity, you need a plan for how to capitalize on that opportunity. A plan begins as a fairly simple set of ideas and then becomes more complex as the business takes shape. In the planning phase you will need to create two things: strategy and operating plan.
4. Company formation/launch: Once there is a sufficiently compelling opportunity and a plan, the entrepreneurial team will go through the process of choosing the right form of corporate entity and actually creating the venture as a legal entity.
5. Growth: After launch, the company works toward creating its product or service, generating revenue and moving toward sustainable performance. The emphasis shifts from planning to execution. At this point, you continue to ask questions but spend more of your time carrying out your plans.

The Entrepreneurial Process



Factors Influencing the Entrepreneurial Process



- Personal Factors (change through the process)
 - Characteristics and traits, experience, age, motivation, resources, opportunity recognition, job dissatisfaction, vision
- Sociological Factors (can help or hinder based on social-cultural norms)
 - Networks, teams, parents, family, role models, advisors
- Organizational
 - Team, structure, culture, strategy
- Environmental
 - Macro factors, competitive factors, economy , ecosystem support

Functions of Entrepreneurship



- Entrepreneurship involves all the functions, activities and actions associated with perceiving opportunities and creating organizations to pursue them. These include;
 - Market and customer research
 - Services and product innovation
 - Team building
 - Finding and managing resources
 - Leadership
 - Building and delivering the value proposition for the customer

Entrepreneurial Ideas



Where Good Ideas Come From



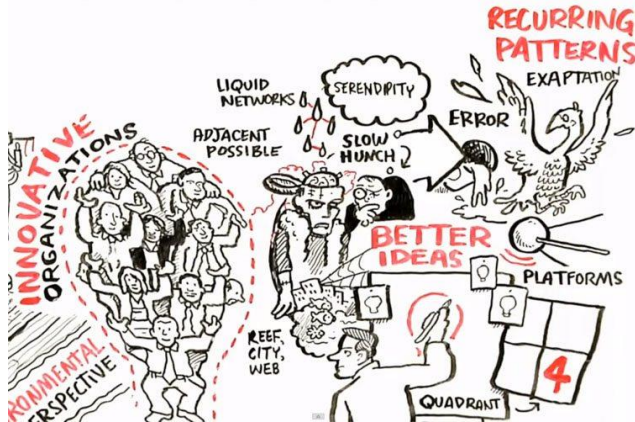
Sources of new venture ideas.



Entrepreneurial Ideas



Where Good Ideas Come From



Sources of new venture ideas.

- ✓ Past experiences
- ✓ Peers (co-workers, schoolmates)
- ✓ Similar business
- ✓ Friends and relatives
- ✓ Hobby/personal interests
- ✓ Systematic Research
- ✓ Accidental discovery
- ✓ Awareness due to media/social interactions.

Three Types of Entrepreneurial Ideas



- Ideas you come up with can fall into three categories and lead to either the creation of an MSME (Micro, Small and Medium Enterprise) or IDE (Innovation Driven Enterprise)
- **Type A ideas**—involve identifying a **new market for an existing product or service**. An example is expanding the use of cellular phones to rural areas in Africa, Latin America, or South East Asia.
- **Type B ideas** involve the creation of an **entirely new product or service**. An example is the creation of the iPad—an entirely new product introduced by Apple in April 2010.
- **Type C ideas** involve the creation of **new processes for producing and delivering existing products and services**. An example is the reengineering process that allows companies to restructure their internal processes to deliver better services or improve the quality of their existing products. Information technology can help companies to exploit Type C ideas.
- **There is no shortage of ideas! Not all ideas are good ideas. An idea that can be turned into a business is what we call a business opportunity!**

Two types of entrepreneurship

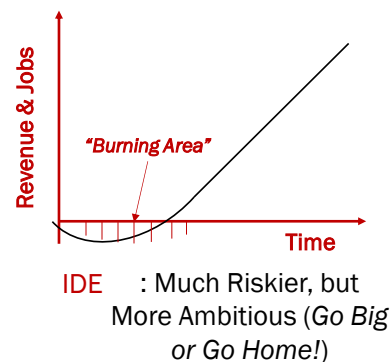


- Micro Small and Medium Enterprise (MSME)
- Innovation-Driven Enterprise (IDE)

	MSME	IDE
Market	Local/Regional	Regional/Global
Innovation	Not Necessary	Necessary
Jobs	Non-tradable	Tradable
External Capital	Typically No	Yes
Growth	Linear	Exponential

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SME and IDE Expected Revenue & Job Trends



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Innovation Driven Enterprises (IDE)

What do Innovation Driven Enterprises in Kenya look like?

What problems are these companies solving?



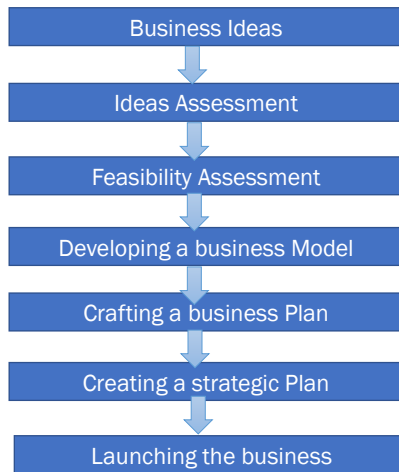
	M-KOPA \$51 million Fintech (Financial Access) Offers pay-as-you-go financing solutions for solar energy systems, smartphones, and more
	SPIRO \$50 million Electric Vehicle (EV) Develops electric motorbikes and battery-swapping infrastructure
	SUNCULTURE \$27.5 million Agritech Provides solar-powered irrigation systems for smallholder farmers
	ROAM \$24 million Electric Mobility Designs and manufactures electric vehicles for the African market
	PULA \$20 million Insurtech

What is a Startup?

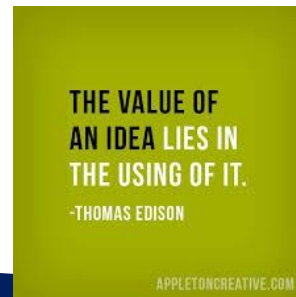


- A startup is an **organization** designed to **innovate** a new product or service under conditions of extreme uncertainty ("The Lean Startup" by Eric Ries)
 - An organization encompasses mission, vision, strategy, hiring, accounting, finance, operations, etc.,
 - In this context, however, it operates under too much uncertainty, following leap-of-faith assumptions concerning its invention
 - Innovation = Invention × commercialization
 - This implies that having a product does not mean you have a business
- In your group work will be based on an innovate idea so a need in the marketplace.

Idea Assessment



- **An idea assessment** is the process of examining a need in the market, developing a solution for that need, and determining the entrepreneur's ability to successfully turn the idea into a business.
- You can use the big idea canvas to assess five key parameters and decide if your idea is good enough. The canvas allows you to clearly visualize gaps or weaknesses in your idea.



Five Key Parameters for Idea Assessment



1. **Customers**- Start with a group of customers who have a clear need that is not being addressed. Who would be the users of the offering? How would they use the offering? How many potential customers are there?
 2. **Offering** -Describe your idea for a product or service to offer the customers. What are its key features? Describe it in detail and sketch out an image of it if you can.
 3. **Value Proposition** -Explain why your product or service will be important to the customers. Why would your offering be valuable to the user and/or buyer? How does it address the need these customers currently have that is not being met?
 4. **Core competency** -Does your offering include any technologies or unique features that will help differentiate it from competitors. Is it based on intellectual property that you can protect?
 5. **People**. Identify the key people on the team who will launch this business. Who are the founding entrepreneurs of this venture? Do they have the skills and knowledge needed to successfully turn the idea into a start-up venture
- You can use the idea sketch pad to answer questions in the five areas and gauge your idea.

Creative Problem-Solving



- What is the problem you want to solve?
 - What is the evidence that there is a problem worth solving? (data from experts on seriousness/impact of problem)
 - Who has this problem?
 - What would the world look like if we were to solve this problem?
 - Who else is trying to solve this problem?

Tools for Creative Problem-Solving



Whereas creative problem-solving facilitates developing innovative ideas through a less structured workflow, design thinking takes a far more organized approach.

Design thinking is a human-centered, solutions-based process that fosters the ideation and development of solutions

The four stages are:

1. **Clarify:** The clarification stage allows you to empathize with the user and identify problems. Observations and insights are informed by thorough research. Findings are then reframed as problem statements or questions.
2. **Ideate:** Ideation is the process of coming up with innovative ideas. The divergence of ideas involved with creative problem-solving is a major focus.
3. **Develop:** In the development stage, ideas evolve into experiments and tests. Ideas converge and are explored through prototyping and open critique.
4. **Implement:** Implementation involves continuing to test and experiment to refine the solution and encourage its adoption.

See HBS Article

Ideas Festival 4.0

Our focus is on five thematic tracks that are particularly relevant to the socio-political landscape of Sub-Saharan Africa. These tracks aim to address pressing challenges and highlight solutions across diverse disciplines:

1. Sustainable Solutions and Business Innovation
2. Governance, Law and Policy for a Resilient Future
3. Technology, Data and Mathematical Models for Impact
4. Designing Sustainable Cities and Livelihoods
5. Energy and Healthcare: Powering Better Lives



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Groups – Angaza Vid Example or 1 acre farm

- Groups will be a maximum of 5 members and a minimum of 3 members.
 - Select a group name
 - Review the thematic areas
 - Select on area that interests you.
 - Conduct a general research of that area to understand the problem.
 - Submit the description of the problem and problem statement of what you want to solve
 - *It is okay to use AI to summarize research in thematic area for your own understanding and to generate possible problem statements. (You need to cite AI tool used and describe what you used it for)*
 - In your groups you will prepare a 5 min a recorded presentation outlining the problem you will be solving and detailing 3 possible solutions (products/Service) and the lean canvas
 - Be creative, we are not validating the technology © (Detailed instructions in eLearning)

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