



ENTREPRENEURSHIP

MODULE 10

PREPARED BY:

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SHS TEACHER

Good day our dear students!

Welcome to Entrepreneurship: Module 10 for Grade 11!

This module was created and designed for you to learn and for you to be provided with fun and meaningful activities which will enhance your skills in independent learning.

Please be reminded of the important activities to be accomplished upon the use of this module:

1. Please do the **OPENING PRAYER** before proceeding to the entire lessons and activities given for the day.

Please take a moment of silence and proceed to the opening prayer.

Opening Prayer

Heavenly Father, who by the light of the Holy Spirit, did instruct the hearts of the faithful, grant that by the same spirit that we may be truly wise and ever enjoy His consolation. All of these we pray in Jesus name. Amen.

2. Please use and answer your module with love, eagerness and care.
3. All the instructions are clearly written on your module. Please read them carefully and make sure to follow them faithfully.
4. Please read and understand the intended lesson for the day.
5. Please observe honesty and integrity in accomplishing the tasks given.
6. Please practice to have a motivating mood, patience and perseverance in understanding and accomplishing the self – learning module.
7. You have to finish the tasks at hand before proceeding to the next. Make sure no activities will be neglected.
8. Please be reminded that all the activities and lessons on the module must be finished on the given time frame.
9. After finishing the module, make sure to submit this on the given schedule.
10. Once all the lesson and activities were accomplished, please do not forget to do the **CLOSING PRAYER**. Please take another moment of silence and proceed to the closing prayer.

If you encounter problems or difficulties in answering this module, please do not hesitate to address your concerns to the responsible teacher. The contact number of the teacher and the consultation hours are provided in this module. Please bear in mind that you have someone that will guide and will help you in finishing your module.

It is with a positive mind that this material will really help you to have meaningful learning and gain deep understanding of the most essential learning competencies intended for this subject. We hope that you will be fully equipped with the necessary knowledge that will enhance you into a wholesome human being.

TOGETHER EVERYONE ACHIEVES MORE!

Enjoy your module! Thank you, keep safe and God bless!

SENIOR HIGH SCHOOL SELF-LEARNING MODULE

Grade: 11
Core Subject Title: Entrepreneurship

Semester: Second Semester
No. of Hours/Semester: 80 hours

MODULE 10

Topic/ Lesson Name	Business Model
Content Standards	The learner demonstrates understanding of concepts, underlying principles, and processes of developing a business plan.
Performance Standards	The learner independently or with his/her classmates presents an acceptable detailed business plan.
Most Essential Learning Competency	Develop a Business Model.
References (Books and other learning portals or websites)	Ronaldo “Ron” S. Batisan R.A. (2016). Entrepreneurship. DIWA LEARNING SYSTEMS INC.

LEARNING OBJECTIVES:

Upon the completion of this module, you will be able to:

- Describe a business model.
- Recognize the positive and negative signals in business.
- Develop a business model.

KEY TAKEAWAYS

- The term business model refers to a company's plan for making a profit.
- It identifies the products or services the business plans to sell, its identified target market, and any anticipated expenses.
- Business models are important for both new and established businesses.

MODULE CONTENT

The term business model refers to a company's plan for making a profit. It identifies the products or services the business plans to sell, its identified target market, and any anticipated expenses. Business models are important for both new and established businesses. They help new, developing companies attract investment, recruit talent, and motivate management and staff. Established businesses should regularly update their business plans or they'll fail to anticipate trends and challenges ahead. Business plans help investors evaluate companies that interest them. Successful businesses have business models that allow them to fulfill client needs at a competitive price and a sustainable cost. Over time, many businesses revise their business models from time to time to reflect changing business environments and market demands. In this module, you will know the importance of crafting a business model and the green lights and red lights of a business model. According to Don Deebelak in his article “Developing a Great Business Model” on the Entrepreneur Web site, the entrepreneur must adapt dynamics of traffic lights in developing the business model. These are the three “green lights” or the positive signals that can help entrepreneurs develop ideal business models and eventually succeed. On the other end, there are three “red lights” or negative signals that entrepreneurs should be wary of.

The Green Lights

“Green lights” or the positive signals that can help entrepreneurs develop ideal business models and eventually succeed.

1. Target high-value customers.

These customers are often misinterpreted as affluent or high-end customers, but this is not always the case.

A highly-value customer:

- (1) someone who is easy to find,
- (2) someone who is willing to pay a price that will reasonably profit the entrepreneur,
- (3) someone who is easy to persuade with the least promotional effort, and

(4) someone who can join the bandwagon of costumers that, when consolidated, can generate a substantial amount of revenues aligned with the profit objectives of the entrepreneur.

Customers do not only mean end customers or retail customers; they can also be partner retailers, distributors, or corporate customers. The entrepreneur's objective is to find these customers. If unable to do so, he or she can choose to tie up with strategic partners who fit the profile of a high value costumer.

2. ***Offer products or services with great value.***

As discussed in the previous modules, the value proposition and unique value proposition should always kick in as compelling reasons for customers to choose your product or your service. Without these, the entrepreneur cannot develop a successful business model. The entrepreneur must position the unique attribute(s) of his or her product or service. He or she must also devise an efficient distribution system where the flow of goods or service delivery is convenient, fast, and available when needed. He or she can also collaborate and synergize with relevant partners to offer excellent customer experience to customers.

The entrepreneur should also offer products or services with great value coupled with attractive and reasonable prices as a result of lean manufacturing. Aside from the core product or service, he or she can also provide customers with other related products or services and customization options to complete the overall value of the product or service being offered. With the influx of technological advancements such as the Internet, third party outsourcing, and synergies between businesses, the arena of the entrepreneurs around the world has become ultracompetitive. Therefore, the entrepreneur must always be in the look out on whether his or her product or service still provides value or is already outpaced by the competition.

3. ***Offer products or services with reasonable profits.***

There are two ways of achieving reasonable profits;

- (1) increasing markup and
- (2) decreasing operational costs.

The most practical way to achieve reasonable profits though is to decrease operational costs. This is because increasing the mark up, as compared with the prices of competitors, will decrease the attractiveness and competitiveness of the product or service. Therefore, profitability cannot be maximized. Decreasing the operational cost is a controllable strategy in increasing profits of the business as lower cost means higher profit margin.

As discussed in the 4Ms of operations, the entrepreneur should:

- (1) devise an efficient distribution system,
- (2) lessen unnecessary manpower efforts as much as possible,
- (3) apply lean manufacturing processes and,
- (4) add support products or auxiliary services that can increase revenue without adding substantial cost.

The Red Lights

"Red lights" or negative signals that entrepreneurs should be wary of.

1. ***Satisfying the customer becomes too costly and irrational.***

The entrepreneur must calculate the cost and profit associated with serving the costumer before pursuing the business. There are times when entrepreneurs are blinded by how big the profit margin can be for a sale of a particular product or service. But little do they know that there are numerous associated after sales costs that can even exceed the profit margin derived from the actual sale. In marketing, the term *lifetime value of a customer* was coined to understand the potential value that a customer can bring to the business in the long run. But there are obvious red flags, which are collectively called customer satisfaction costs, that can impede the success of an entrepreneur.

Red flags, which are collectively called customer satisfaction costs, that can impede the success of an entrepreneur:

- a. ***Warranty*** – Because some products are not as sturdy as they should be, the business will incur unnecessary warranty costs that can even surpass the cost and profit margin of the product.

- b. **After sales costs** – Some products or services require extensive technical support, installation, and customer service. These after sales costs might even surpass the actual sales price of the product or service.

Once the costs are identified, the entrepreneur will rectify the situation by transferring the cost to another party or through outsourcing to lessen the cost of servicing the customers. He can also instruct his sales team to just focus on business aspects that do not require too much customer satisfaction.

2. **Being a market leader is difficult to sustain.**

One of the characteristics of an ideal business model is capitalizing on the business’ stature as a market leader through improving the features and benefits of its existing products or services, adding new product lines or services, or expanding by tapping new customers.

However, there are signs that it will be difficult to sustain being a market leader if the following conditions exist:

- (1) if there are major customers purchasing the entrepreneur’s product or services,
- (2) if there are major players in the industry that control the majority the distribution network,
- (3) if technology has changed the way the entrepreneur operates the business, compelling him or her to invest on rigorous product research and development,
- (4) if technology replaces the need for the entrepreneur’s product or service, and
- (5) if the competitors can easily tap the market of the entrepreneur. Maintaining the market position has a large dependency on the overall condition of the market.

3. **Return on investment (ROI) takes too long and too small.**

Entrepreneurs did venture in a business enterprise because they want to earn profits for the purpose of sustainability. ROI is very important to the entrepreneur because it validates that the business is doing well and that money is flowing in as expected during the planning stage.

An ideal business model is characterized by a reasonable ROI earned at the right time and with the right amount. However, if reports say that ROI is less than approximately 25% in the first three years of business operations, it is a sign in the entrepreneur is not operating an ideal business model.

Another sign is that production of additional products or services requires an ample amount of additional capital. Moreover, only less than 50% of the capital required will be allocated to revenue-generating activities such as selling and manufacturing.

It is also a red flag if the present capacity is also not capable to produce or handle new commitments; therefore, additional investments must be made again to accommodate the new demands. The last sign is uncontrollable industry factor where generally everyone in the industry always has unacceptable ROIs.

Closing Prayer

We give you thanks Almighty Father through your son Jesus Christ for all the benefits you have given us to you who live and reign forever and ever. Amen.

Well done! So, you have successfully completed the activities and tasks for the first module. It is expected that you have gained insights and meaningful experiences. What a great achievement! Again, CONGRATULATIONS, KEEP SAFE AND GOD BLESS US ALL!

Name of Teacher	Contact Information	Consultation Day	Consultation Hours
Ms. Jane Marie P. Marcelo	09756402931 ms.janemarie.marcelo@gmail.com	Monday to Friday	7:00 PM – 9:00 PM

“Your EDUCATION is your Life. Guard it well.”
- Proverbs 4:13b