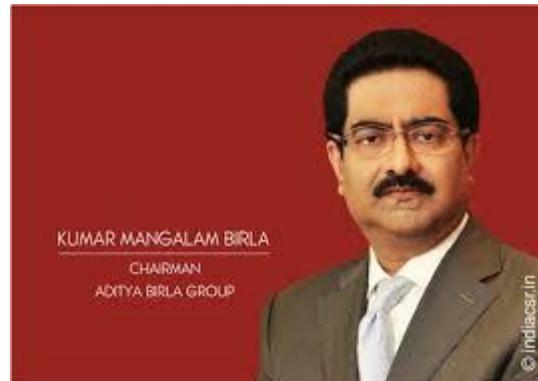
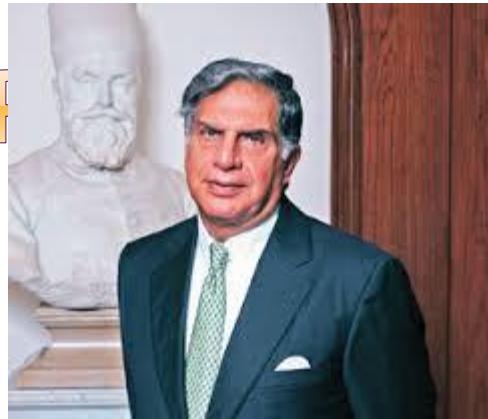


**“I FAILED in
some subjects
in exam,
but my friend
PASSED in all.
Now he is an
engineer
in Microsoft
and I am
the owner
of Microsoft”**







The Taste of India



7 MYTH OF A SUCCESSFUL ENTREPRENEUR

- ✓ Entrepreneurs are leaders and born
- ✓ They are academic and social misfits
- ✓ A great idea is only ingredient in a recipe for success
- ✓ All you need is money and luck
- ✓ My best friend will be a great business partner
- ✓ Life must be much simpler if I work for myself
- ✓ I can make lot of money
- ✓ No boss will have more fun as I will be the boss

7 REALITIES OF A SUCCESSFUL ENTREPRENEUR

- ✓ Entrepreneurs as well as leaders can be made
- ✓ Risk and courage is the key factor
- ✓ Acceptance and flexibility should be there
- ✓ They may not have impressive profile
- ✓ Money and luck is a secondary thing
- ✓ Initial success is not promised
- ✓ No guarantee of easy life after become an entrepreneur
- ✓ Business is restricted to some areas only

Wealth Creation
and Sharing



Community
Development



Create Jobs



Balanced
Regional Development



Exports



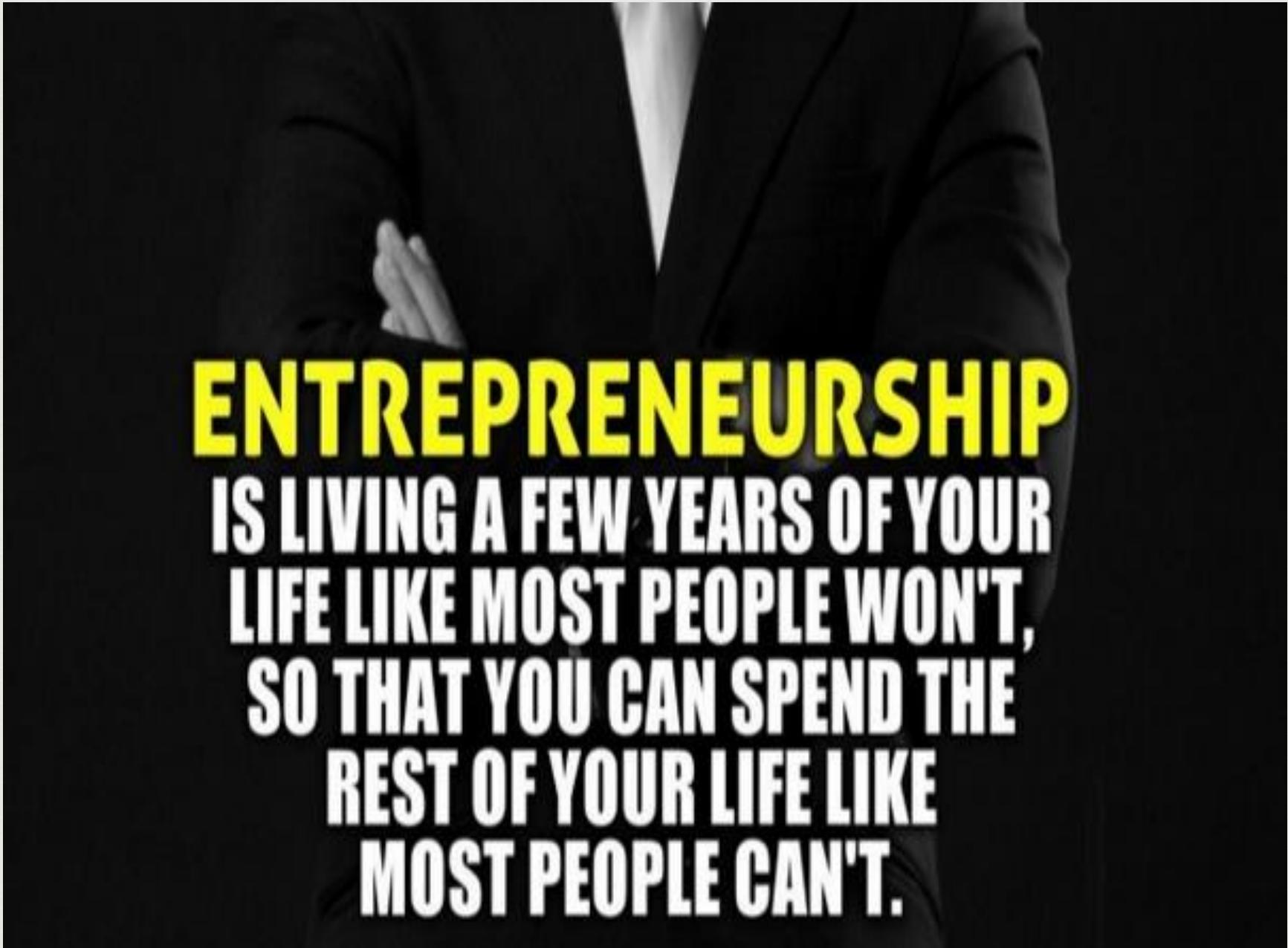
Entrepreneurship



Standard of Living



GDP and
Per Capita Income



ENTREPRENEURSHIP
IS LIVING A FEW YEARS OF YOUR
LIFE LIKE MOST PEOPLE WON'T,
SO THAT YOU CAN SPEND THE
REST OF YOUR LIFE LIKE
MOST PEOPLE CAN'T.

UNIT 1



- ❖ Entrepreneurship - functions, needs and importance
- ❖ Process - Pros and Cons
- ❖ Entrepreneur - definition



Entrepreneurship -Meaning

- ❖ “Entrepreneurship means the **function of foreseeing** investment and production opportunity, organizing an enterprise to undertake a new production process, raising capital, hiring labor, arranging for the supply of raw materials and selecting top managers for the day-to-day operation of the enterprise”.

D.C. McClelland

- ❖ “Entrepreneurship is neither a science nor an art. **It is a practice**. It has a knowledge base. **Knowledge in entrepreneurship is a means to an end**. Indeed, what contributes knowledge in practice is largely defined by the ends, that is, by the practice”.

Peter F. Drucker

- ❖ An enterprise is created by an entrepreneur. The process of creation is called “entrepreneurship”
- ❖ Richard Cantillon was the first to introduce it as the **agent who buys means of production at certain prices in order to combine them into product** that he is going to sell at prices that are uncertain at the moment at which he commits himself to his costs.
- ❖ Entrepreneurs are people that **notice opportunities and take the initiative to mobilize resources to make new goods and services**.

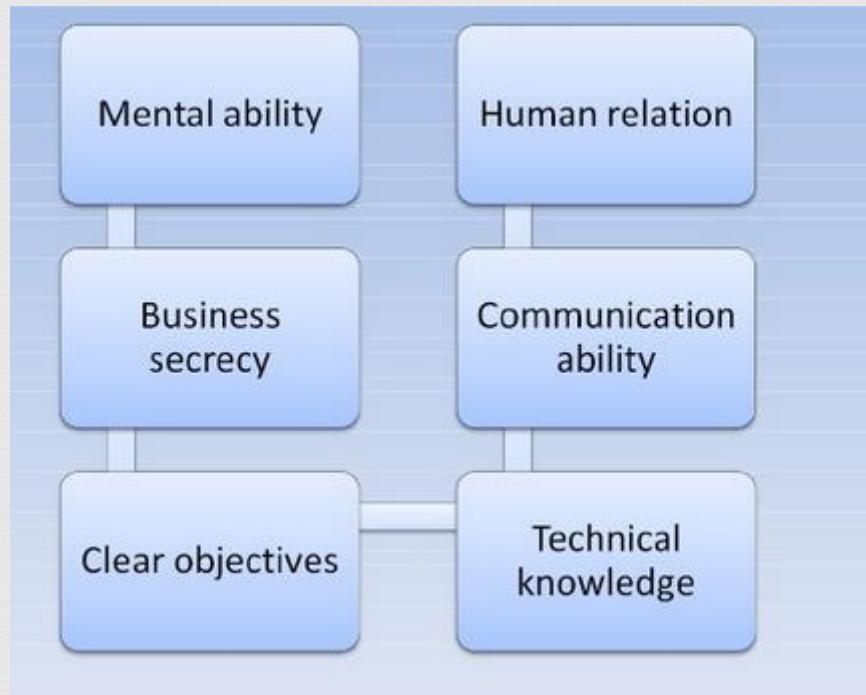
Technology Entrepreneurship

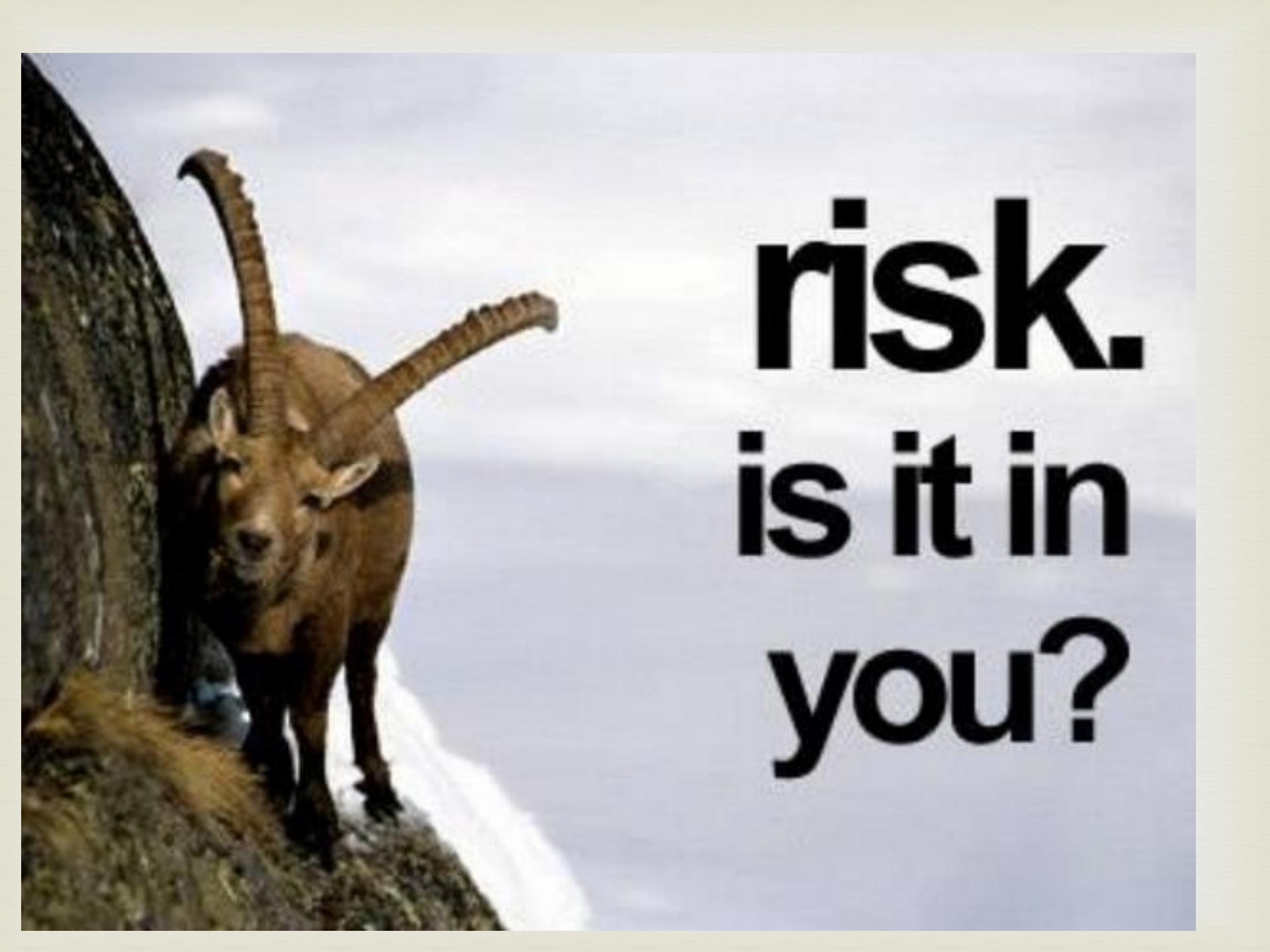


- ❖ **Technology Developers**:- those who develop a unique technology capable of diving a new business

- ❖ **Technology users**:- those who sees new technology development and understand how it can be applied to meet a market need.

Characteristics of an Entrepreneur



A photograph of a brown mountain goat with long, curved horns standing on a dark, craggy rock face. The goat is positioned on the left side of the frame, facing towards the center. It has its head turned back, looking over its shoulder. The background consists of a bright, hazy sky.

**risk.
is it in
you?**

Qualities of an entrepreneur



The Dark Side of Entrepreneurship

- The Entrepreneur's Confrontation with Risk
 - Financial risk versus profit (return) motive varies in entrepreneurs' desire for wealth.
 - Career risk—loss of employment security
 - Family and social risk—competing commitments of work and family
 - Psychic risk—psychological impact of failure on the well-being of entrepreneurs

Getting Over Fear

on the way to becoming an entrepreneur

act with
limited info -
it's normal



trust
your gut

Do i
know
enough?

CEOs
have 10%
of data they
need when they
make a decision.

Gut
feeling
works.

What if
I'm wrong?

What's
your worst
case scenario?
Living with parents?
Losing all you have?
Do you have that much
anyway?

imagine
the worst



What if I fail?

realize
the value
of "unscared"

Most
people
are scared,
that's being
"unscared" will
put you ahead
of most people.

Is everyone
else afraid?

Just do it.

You'll
only
be afraid
until you
just do it.

Functions of an entrepreneur

Identify Opportunity

Personal Initiative

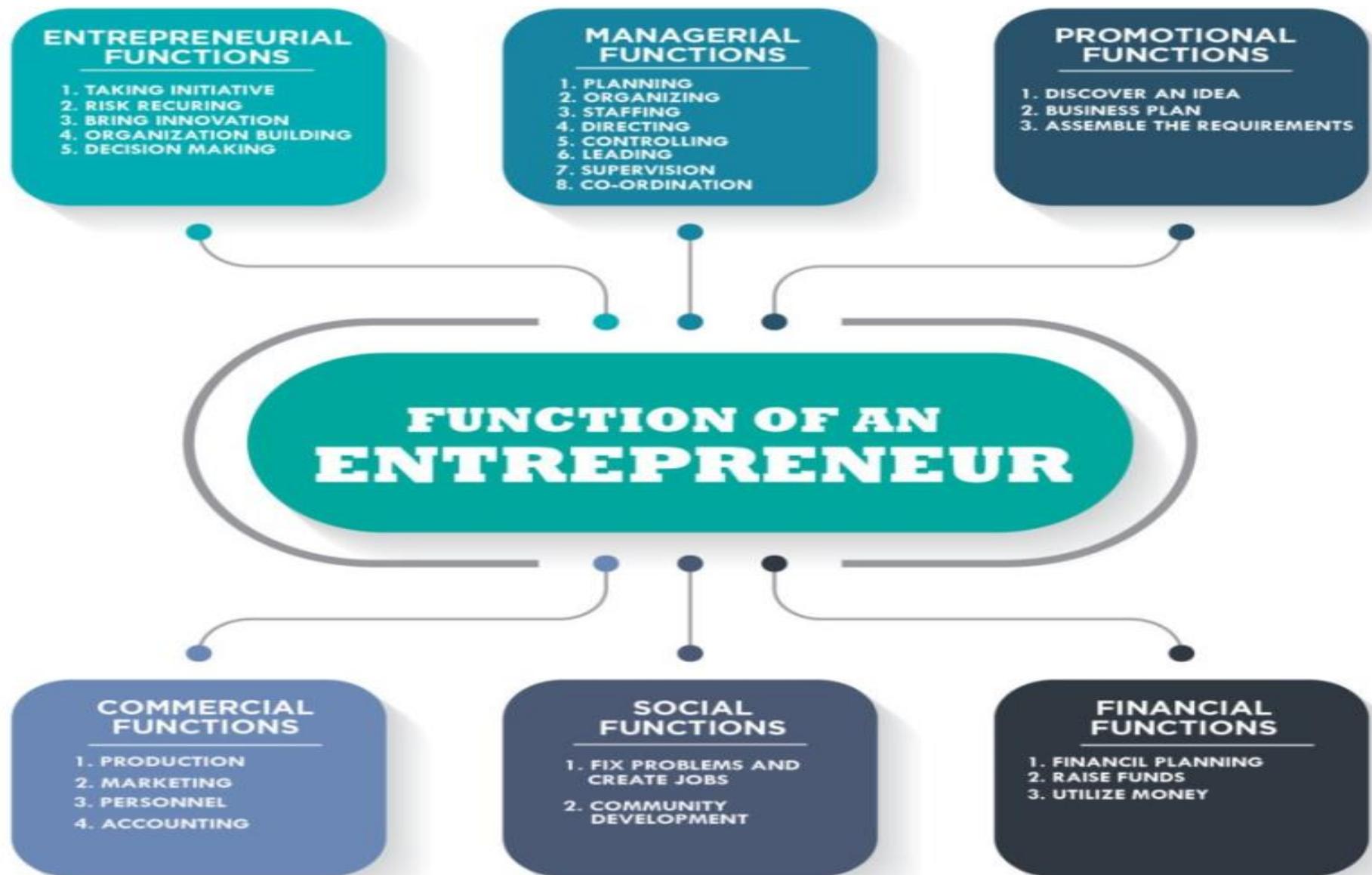
Feasible Study and Planning

Innovation

Risk taking and Uncertainty Bearing

Taking Business Decision

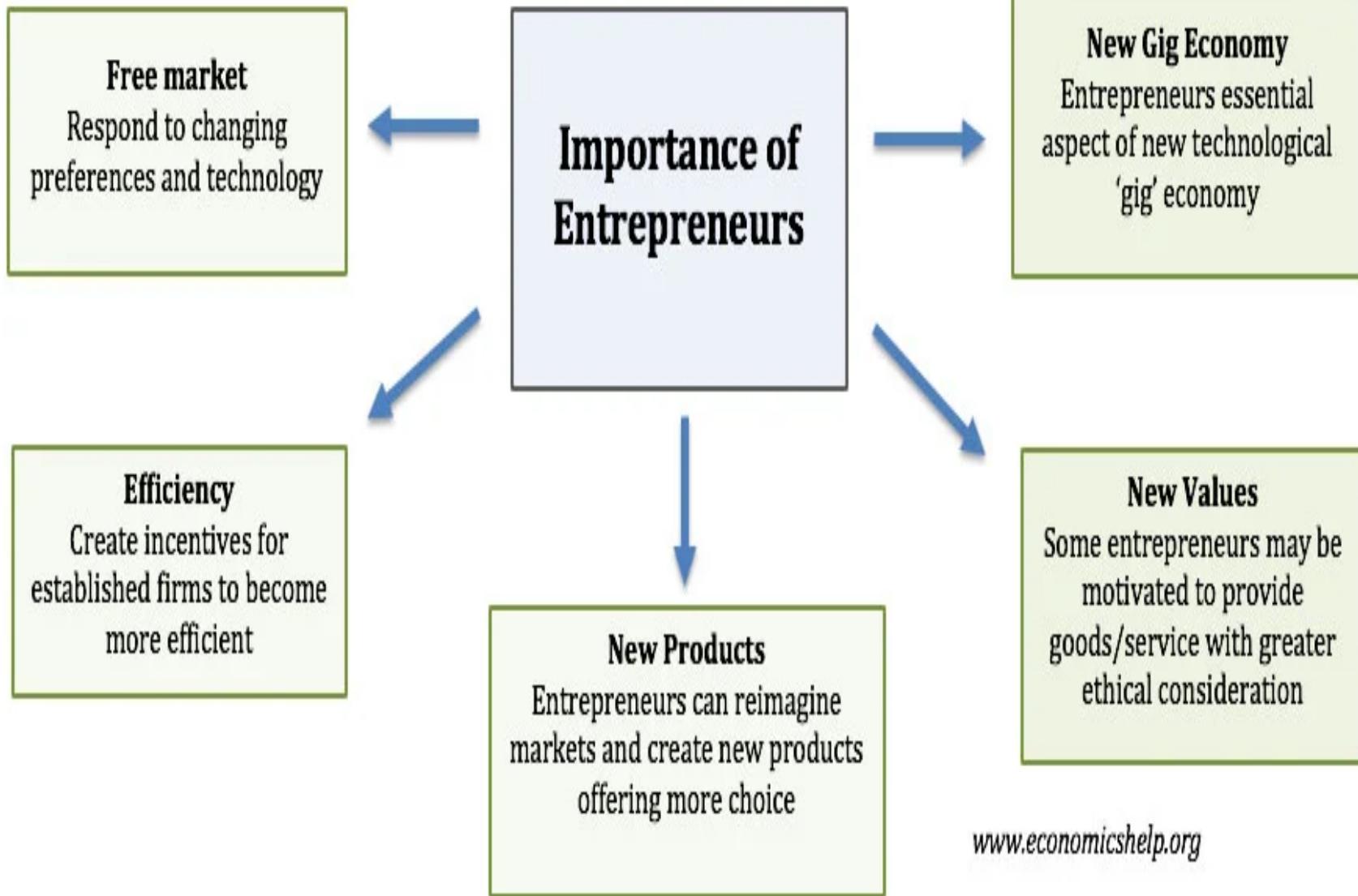
Area wise function



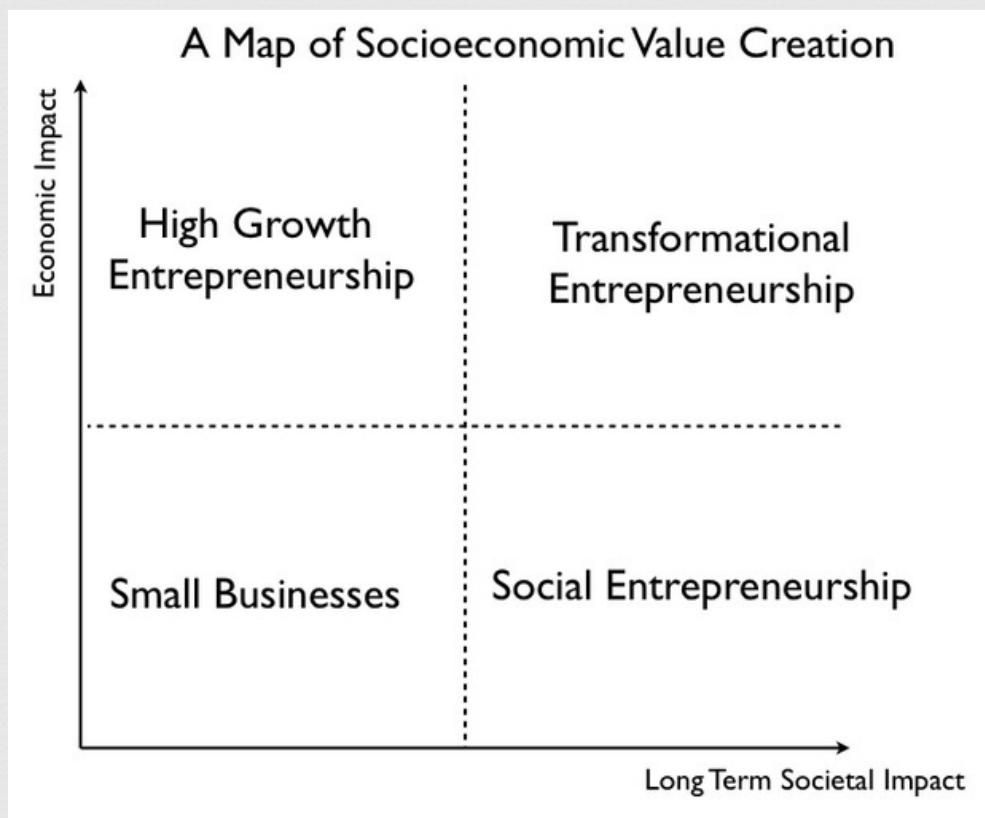
Need & Importance



- Technology Development
- Key driver of any country
- Creates opportunity and jobs
- Ensure social justice
- Stimulates the economy
- Become creative, inventive and innovative (*Innovation is the process of turning a new concept into commercial success or widespread use. Invention is the creation of a new idea or concept. Creativity is the act of turning new and imaginative ideas into reality.*)
- Creating an organization leads to improve standard of living and economic development
- Backward and forward linkages



Value creation of technology entrepreneurs



Process



Entrepreneurs

- ❖ Derived from the French verb **entreprendre**, which means '**to undertake**'. This refers to those who "undertake" **the risk of new enterprises**.
- ❖ An entrepreneur is defined as "**person in effective control of commercial undertaking; one who undertakes a business or an enterprise**"
- ❖ Who innovates, raises money, assembles inputs, chooses managers and sets the organization going with his ability to identify them.

Entrepreneurs



- ▶ Refers to a person
- ▶ Visualizer
- ▶ Creator
- ▶ Organizer
- ▶ Innovator
- ▶ Technician
- ▶ Initiator
- ▶ Decision-maker
- ▶ Leader
- ▶ Motivator
- ▶ Administrator
- ▶ Planner

Entrepreneurship

- ▶ Refers to a process
- ▶ Vision
- ▶ Creation
- ▶ Organization
- ▶ Innovation
- ▶ Technology
- ▶ Initiative
- ▶ Decision
- ▶ Leadership
- ▶ Motivation
- ▶ Administration
- ▶ Planning



Typology of Entrepreneurial Styles

		Level of Personal Financial Risk	
		Low	High
Level of Profit Motive	Low	Risk avoiding Activity seeking	Risk accepting Activity seeking
	High	Risk avoiding Profit seeking	Risk accepting Profit seeking

I BELIEVE ANYTHING IS POSSIBLE
I SEE OPPORTUNITY WHEN OTHERS SEE IMPOSSIBILITY
I TAKE RISKS. I'M FOCUSED. I HUSTLE
I KNOW THAT NOTHING IS UNREALISTIC
I FEEL OVERWHELMING LOVE
I EMBRACE MY CHILDLIKE WONDER & CURIOSITY
I TAKE FLYING LEAPS INTO THE UNKNOWN
I CONTRIBUTE TO SOMETHING BIGGER THAN MYSELF
I CREATE. I LEARN. I GROW. I DO.
I BELIEVE IT'S NEVER TOO LATE TO START LIVING A DREAM

I AM AN ENTREPRENEUR

Employée Vs. Entrepreneur - Intrapreneur

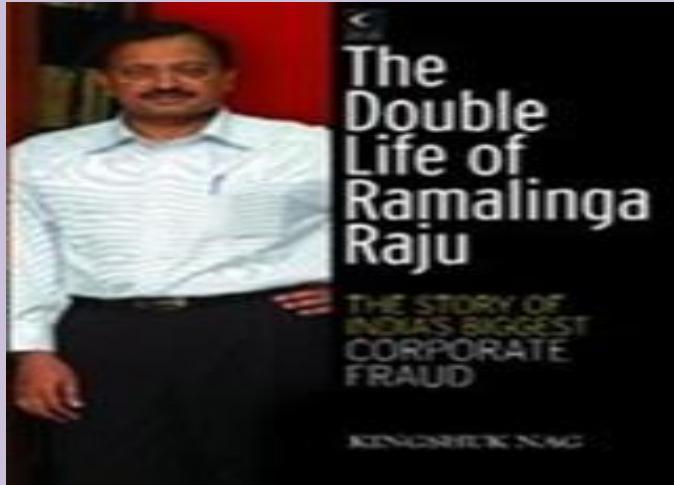
Competencies and Characteristics of a successful entrepreneur



- **INTEGRITY**:- Must have clear sense of values and beliefs that underpin the creative and business decision that they make and that influence the actions they take specially in challenging circumstances

- **CONCEPTUAL THINKING**:- Prepared to use fresh approaches, comes up with crazy ideas that may just work, leading to radical change or significant improvements and takes time to listen to new ideas without pre-judgement

- **RISK TAKING**:- Understands that risk taking means trying something new and possibly better in the sense of stretching beyond what has been done in the past and that the constant challenge is to learn how to assess choices responsibly weighing the possible outcomes against his/her values and responsibilities.



- **NETWORKING**:- Understands that networking is a key business activity which can provide access to information, expertise, collaboration and sales and that careful planning and preparation helps achieve desired results.

- **STRATEGIC THINKING**:- Understands and values the planning process, thinking and planning over a significant timescale, recognises external trends and opportunities and is able to think through any complex implications for the business

- **COMMERCIAL APTITUDE** :- the entrepreneur keeps up to date with developments in the sectors: seeks out the best practice: and identifies and seizes opportunities that are not obvious to others



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Bata

BATA Women's Comfi Fashion Sandals

★ ★ ★ ★ ★ 20 ratings

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In stock.

Delivery by Dec 1 - See Details

Syeraa

Click to open expanded view

Fit As expected (54%)

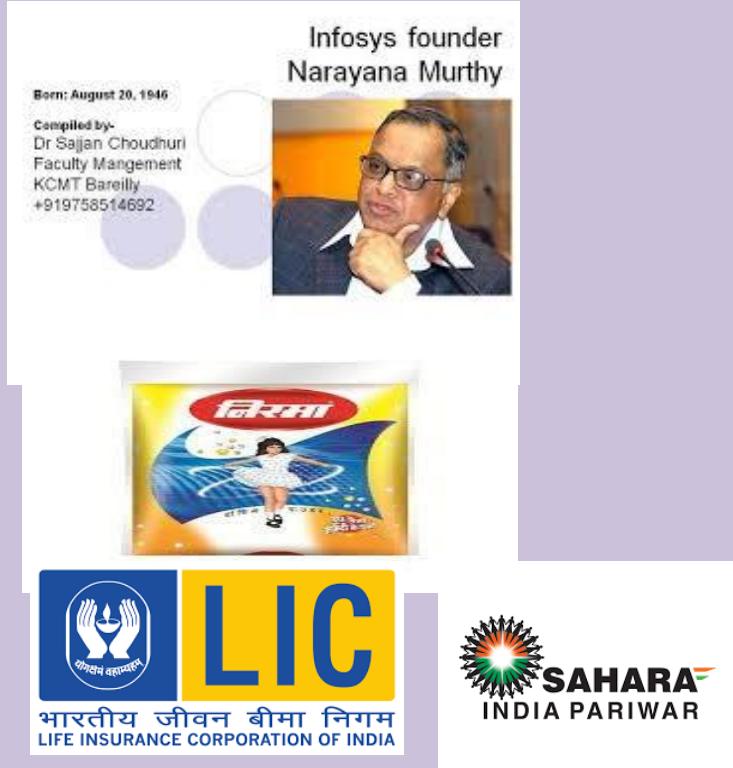
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- **DECISIVENESS** :-Entrepreneur resolves issues as they arise: does not get bogged down in analysis during decision making and responds flexibly to deal with changing priorities.

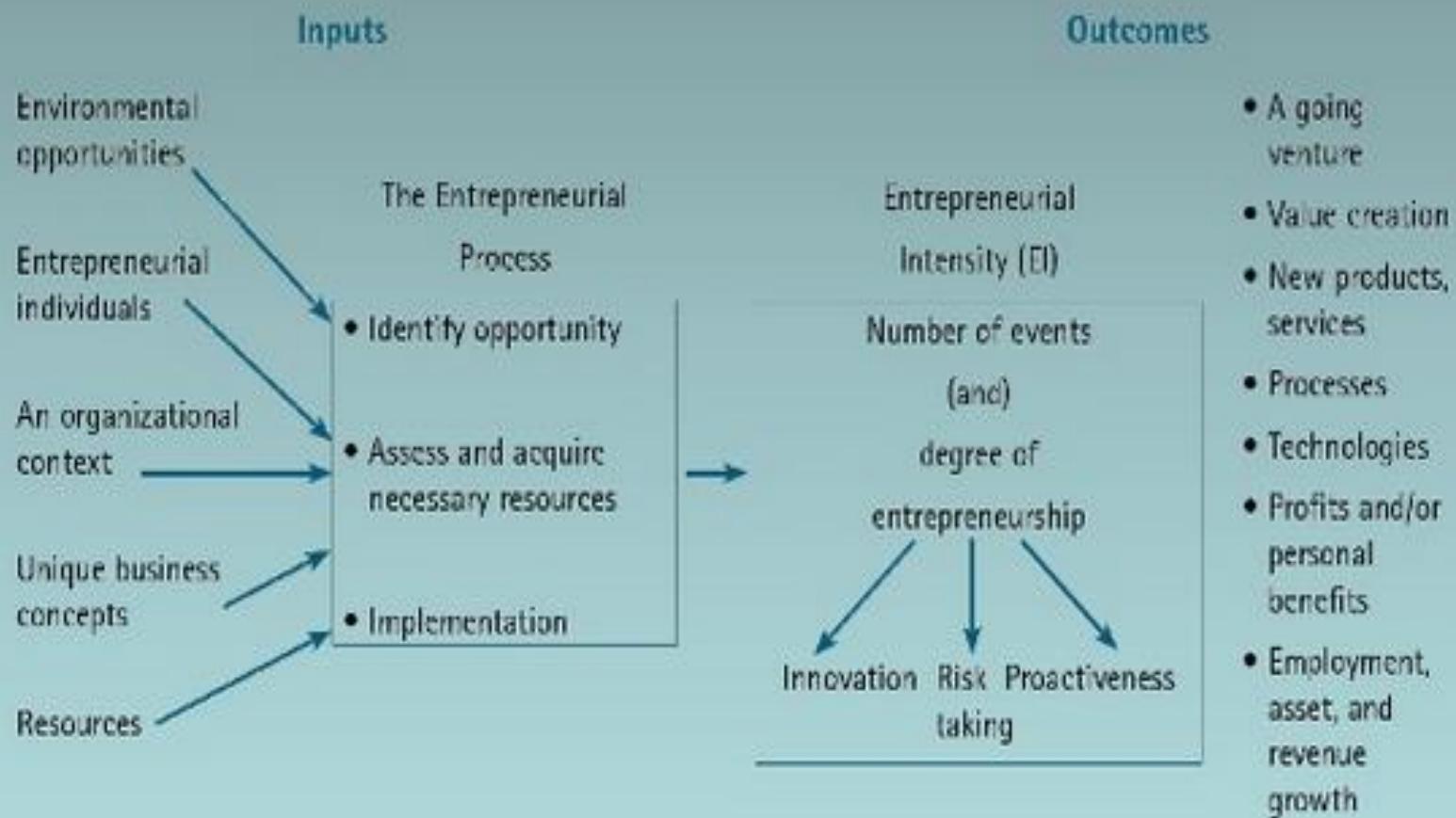
- **OPTIMISM**:- The entrepreneur persists in pursuing goals despite obstacles and setbacks; operates from hope of success rather than from fear of failure and sees setbacks as due to manageable circumstances rather than a personal flaw

- **CUSTOMER SENSITIVITY** :- Builds trust and long term relationship with customers; generates and expectations of high level of customer service; and regularly exceeds customer expectation

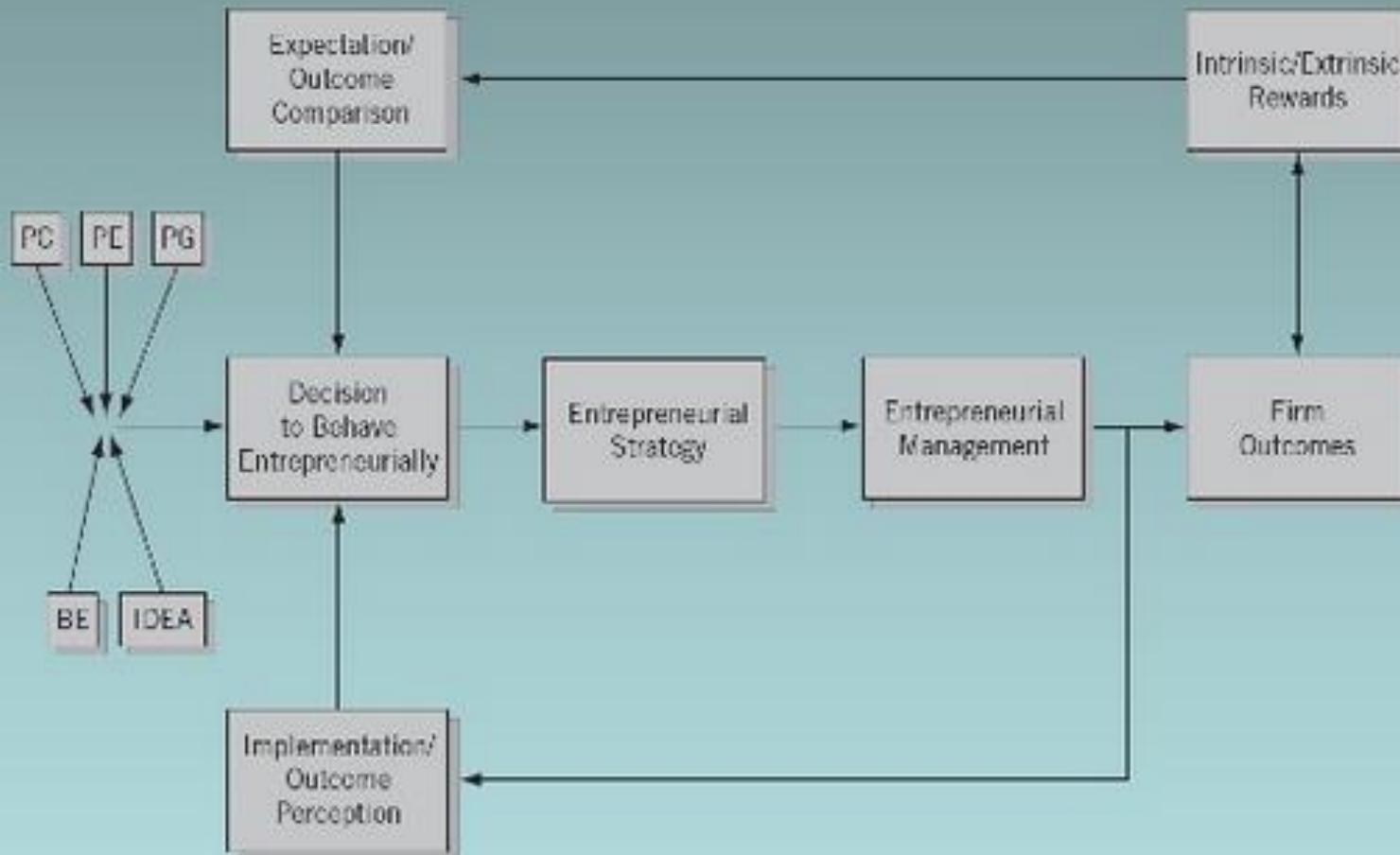
- **PEOPLE'S FOCUS** :- He creates common purpose with colleagues through shared vision and values; walk the talk; sees and values the best in others; builds the total capability of the immediate and wider team; and always considers the principles of inclusiveness in planning and dealing with others.



An Integrative Model of Entrepreneurial Inputs and Outcomes



A Model of Entrepreneurial Motivation



Source: Douglas W. Naffziger, Jeffrey S. Hornsby, and Donald F. Kuratko, "A Proposed Research Model of Entrepreneurial Motivation," *Entrepreneurship Theory and Practice* (spring 1994): 33.

Entrepreneurial Value

1. Create and delivers something of value
2. Identification of peoples want or need
3. Affordable price people able to pay
4. Should be able to satisfies customer's needs and expectations



1. Entrepreneurs improve their skills; employees improve their weaknesses.
2. Entrepreneurs may produce lousy work; employees are perfectionists.
3. Entrepreneurs say 'no' to irrelevant opportunities; employees embrace them.
4. Entrepreneurs delegate; employees practice 'DIY.(Do it yourself)
5. Entrepreneurs mono-task; employees (try to) multitask.
6. Entrepreneurs thrive on risk; employees avoid it.
7. Entrepreneurs believe in seasons; employees believe in balance
8. Employees are threatened by smarter people; entrepreneurs hire them

Employees vs Entrepreneur

EMPLOYEE VS ENTREPRENEUR

EMPLOYEE



VS

ENTREPRENEUR



WORK

"Something to get away from"



SERIOUS EFFORT

"Something to do for a short period of time"



SUPPORT

"Something they deserve"



INCOME

"Something to be received immediately"



WORK

"Something to be excited about"



SERIOUS EFFORT

"Something to do all the time"



SUPPORT

"Something they create"



INCOME

"Something to be earned later"

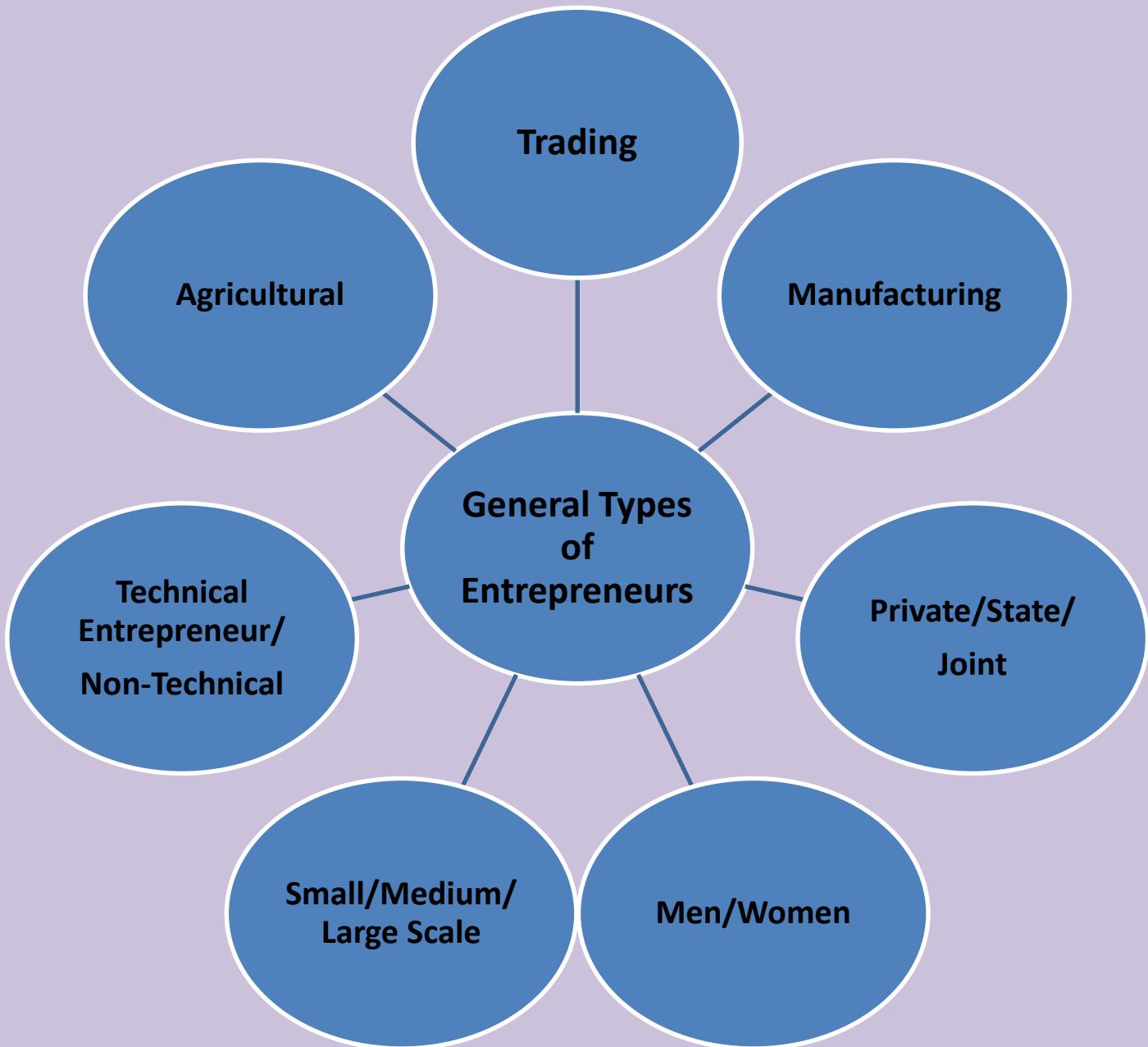
Entrepreneurship Theory

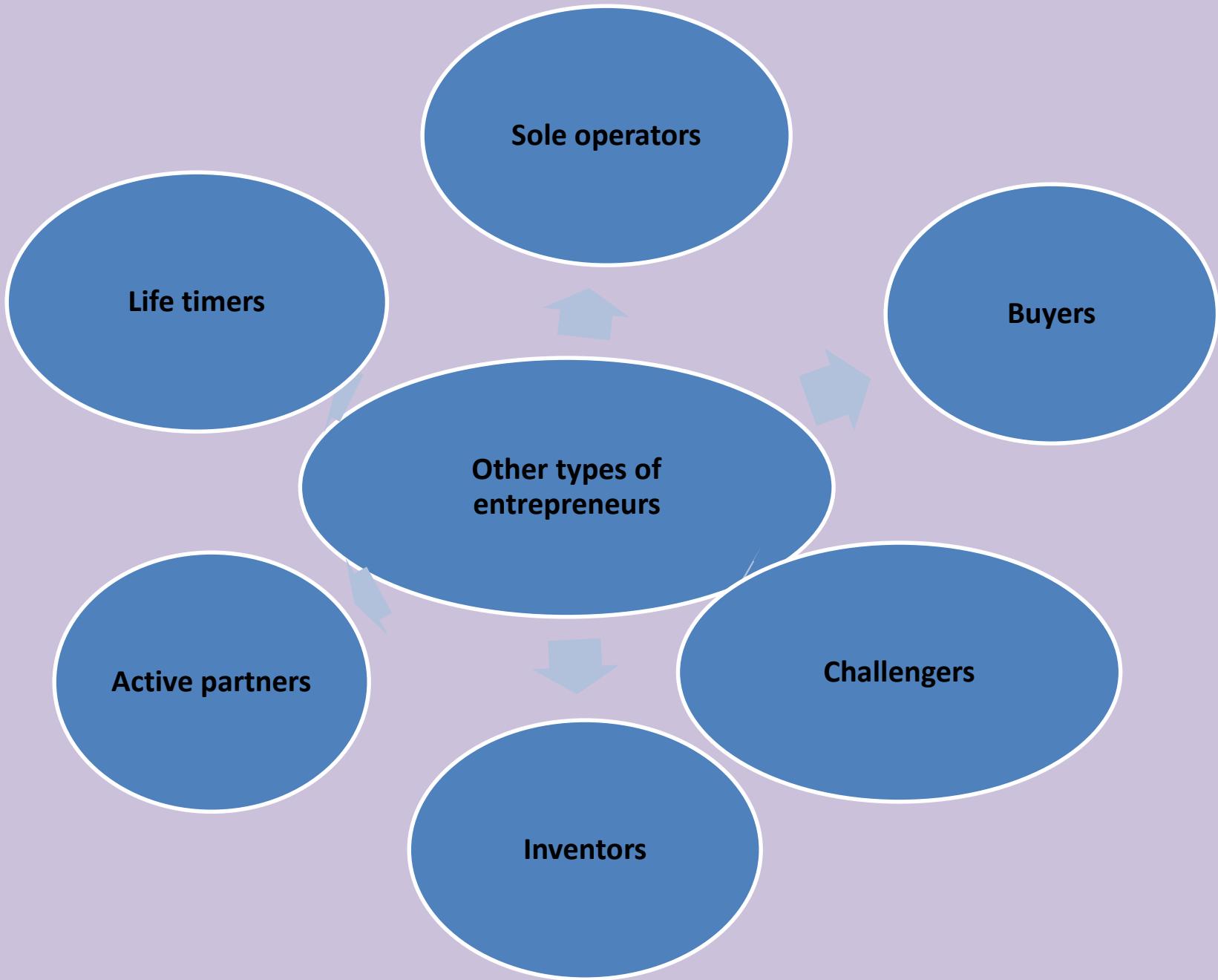
- Entrepreneurs cause entrepreneurship.
 - Entrepreneurship is a function of the entrepreneur:

$$E = f(e)$$

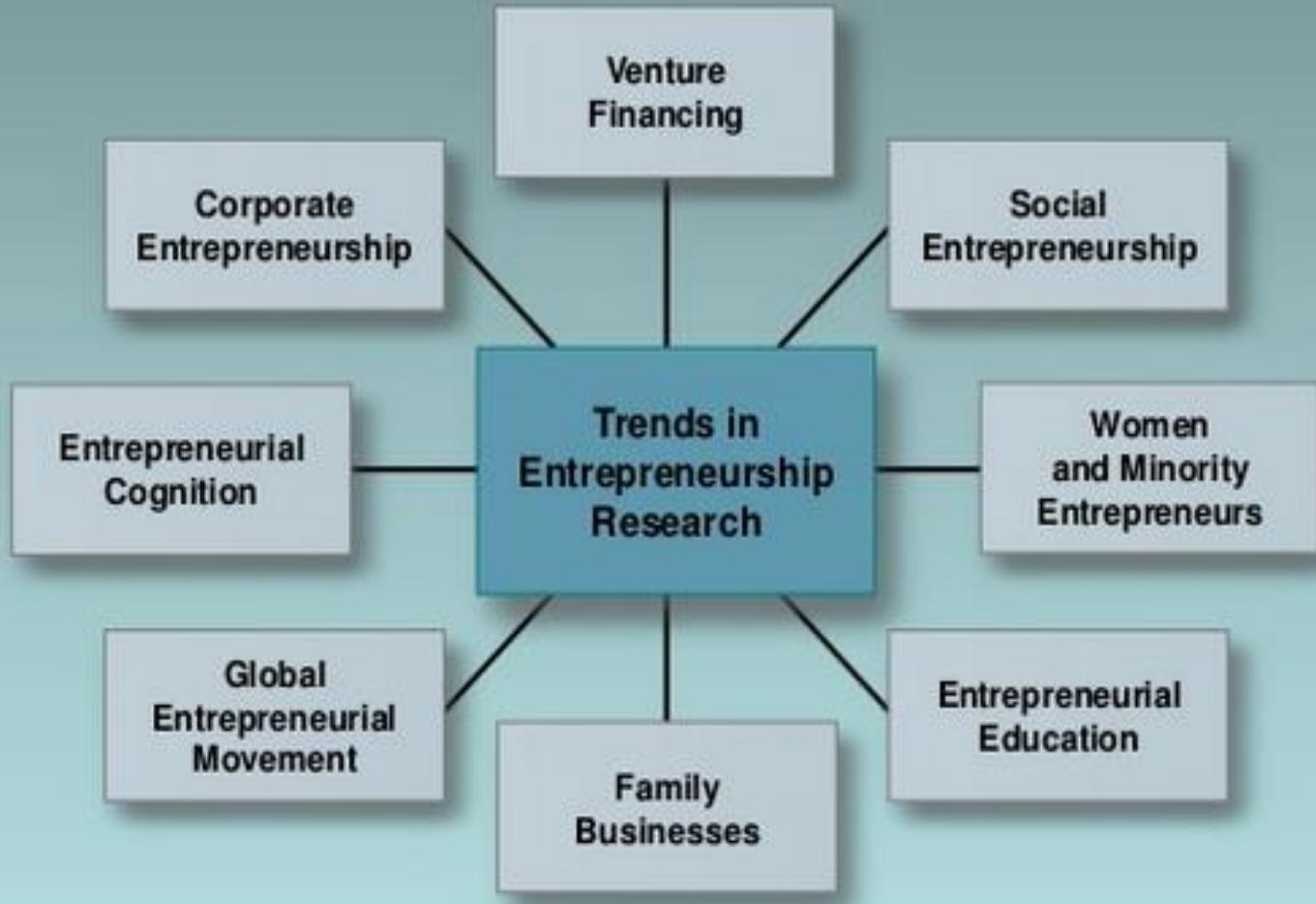
- Entrepreneurship is the interaction of skills related to inner control, planning and goal setting, risk taking, innovation, reality perception, use of feedback, decision making, human relations, and independence.







Aspects of Entrepreneurship



Specific Types of entrepreneurs

- ✓ **Innovating**:- who introduces new goods, methods, etc.
- ✓ **Imitative** :- characterised by readiness to adopt successful innovation innovated by other entrepreneur
- ✓ **Fabin**:- Very great cautious and scepticism in experimenting any change
- ✓ **Drone**:- Refuses to adopt opportunities to make changes
- ✓ **Nascent**:-Who is in the process of starting a business
- ✓ **Novice** :- Has a prior business ownership experience as a business founder, inheritor of a business or a purchaser of a business
- ✓ **Habitual**:- Prior business ownership experience
- ✓ **Serial**- Sold or closed an original business established another new again sold or closed and continue
- ✓ **Portfolio** :- who retain an original business and builds a portfolio of additional business

Intrapreneurs

- A person does entrepreneurial work within an organization is called Intrapreneurs and the process by which he affects change is intrapreneurship
- Acting like an entrepreneur within a larger organization
- Blending of entrepreneurial skills with managerial skills

ENTREPRENEUR

1. Enters the business with his own money – **more risks**
2. Has **ownership** to the business
3. Is **entitled to returns/profits** from the business

INTRAPRENEUR

1. Gets resources from employer **company-less risk**
2. Only manages the business-**no ownership**
3. Is entitled to **fixed salary+ bonus(if any)**

TRADITIONAL MANAGER

1. Consider himself as a **BOSS**
2. Primary motive is **power**
3. Follows a defined **chain of command**
4. Manages information
5. Has the confidence to **make decision alone**

INTRAPRENEURIAL MANAGER

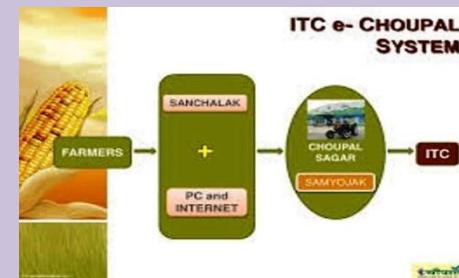
1. Consider himself has a **team leader** mentor and Role model
2. Primary motive is **autonomy**
3. Deals with **anyone necessary to make a decision or do the job**
4. Share Information
5. Accepts responsibility but **involves others in the decision**

Examples of Intrapreneurs

- ❖ **KINETIC ZING**:-The idea for their variant Zing, came through one of their employees who suggested that they must have a mobile charger in their mobike

- ❖ **INTEL**:-Anil Paranjape, an intrapreneur built a retail automation project that neighbourhood kirana stores could use to compete with large retailers. Intel launched this as the pilot project, installing the point-of-sale (POS) device at small retail outlets in Mumbai

- ❖ **ITC E-CHOUPAL**:-The idea of e-choupal, an ITC division germinated when Sivakumar a manager in the ITC Group's agribusiness unit, approached ITC's chairman, with a request of Rs 50 lakh to test an idea. He wanted to procure farm produce from soya farmers in Madhya Pradesh, thereby eliminating middlemen.



Innovative Ideas

***CREATIVITY LEADS TO INNOVATION
AND CREATIVITY COMES FROM PAST, PRESENT FUTURE.....***



**Innovation
distinguishes
between a leader
and a follower.**

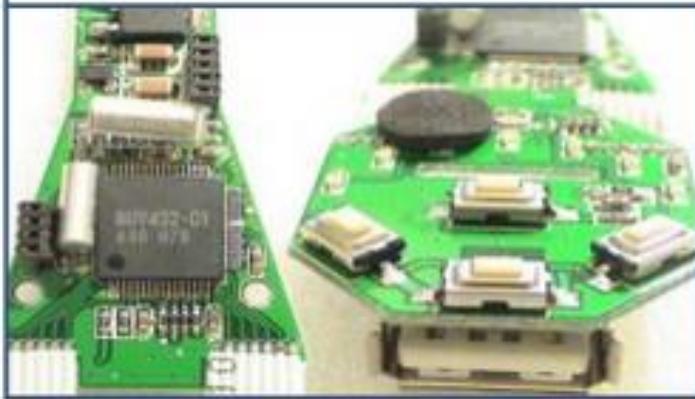
Steve Jobs

***How Can we Know Where We're Going Without Knowing First Where We
‘ve Been?”***

“Commercially successful exploitation of an Idea”

Invention

Formulation of new ideas for products or processes



Innovation

Practical application of inventions into marketable products or services



Invention



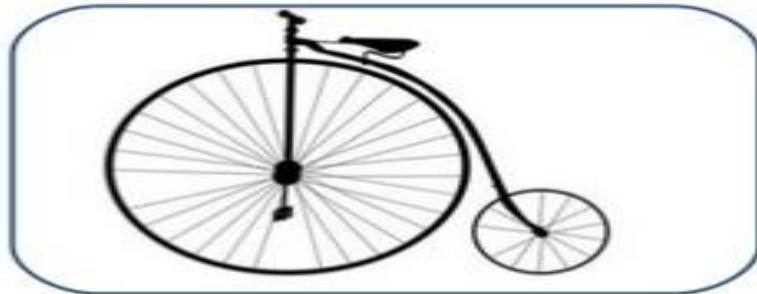
Tim Berners-Lee invented the
World Wide Web (Internet)

Innovation



Mark Zuckerberg used the
Internet to define social
networking

Invention



Innovation



What is innovation

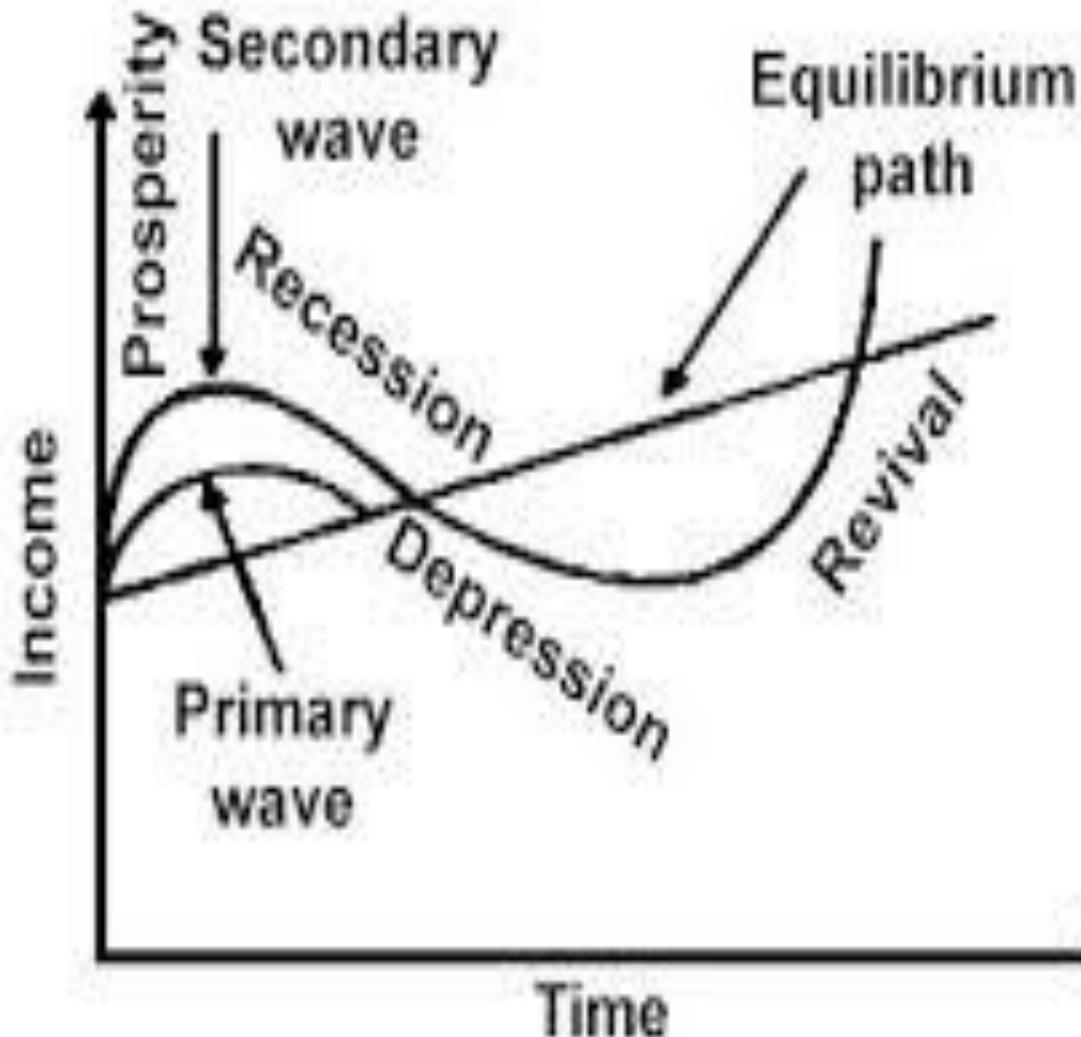
- **Newness & Adding Value**
 - Functional Value: Technology-Driven
 - Symbolic Value: Design-Driven
- **Degree of Newness:**
 - Radical Innovation
 - Incremental Innovation



Innovative Idea

- Innovative idea leads to drive new product into market
- Either a very **new product or a product type** which represents a total package of features , forms and functions which marketing program converts into benefits for satisfying the needs and wants of the customer.
- Putting a new idea into action

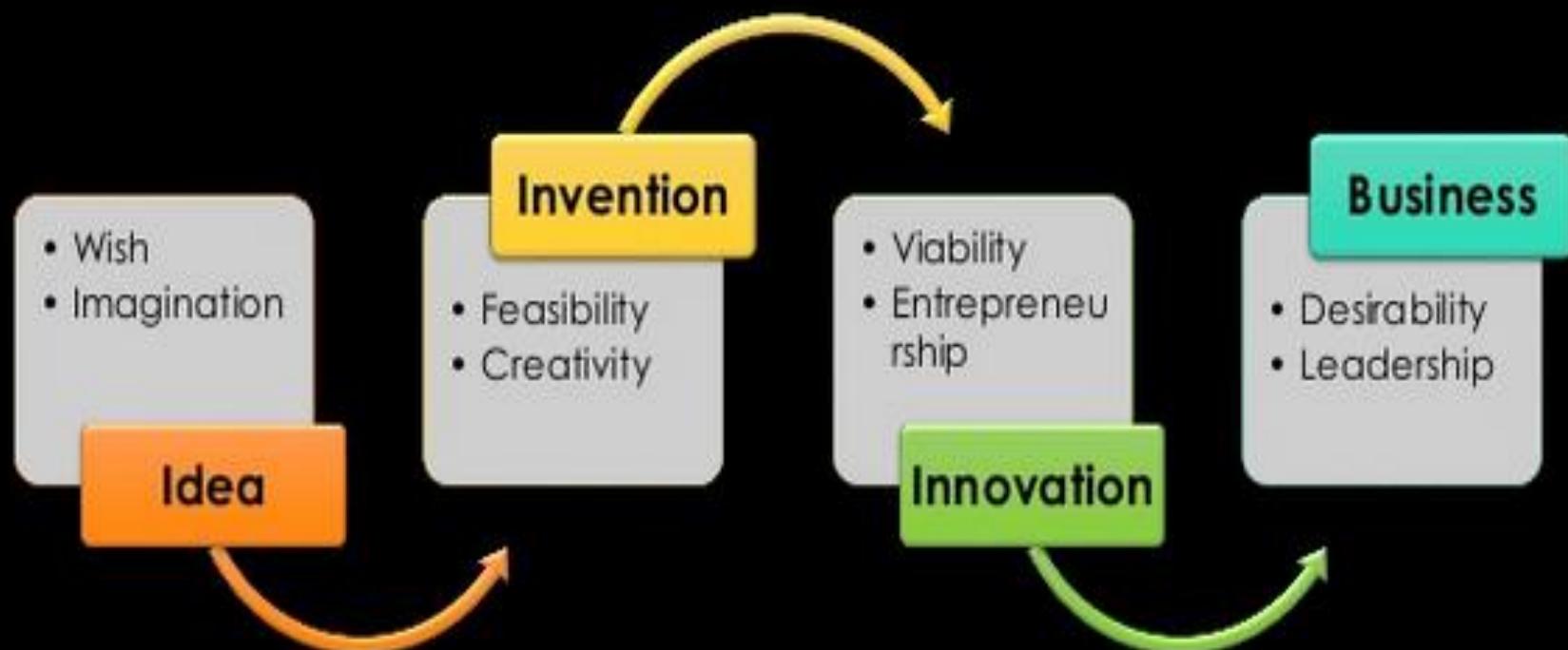
Innovation Cycle



Forms on Innovation

- **Product Innovation:** the changes in the things (product or services) that an organization offers. E.g. new design of car, new generation of aircraft A380.
- **Process Innovation:** the changes in the ways in which product/services are created and delivered.
- **Position Innovation:** the changes in context in which products/services are introduced. E.g. Johnson & Johnson product not only for babies, but also for adult.
- **Paradigm Innovation:** the changes in underlying mental models which frame what the organization does. E.g. shift to low-cost- airlines, online insurance.

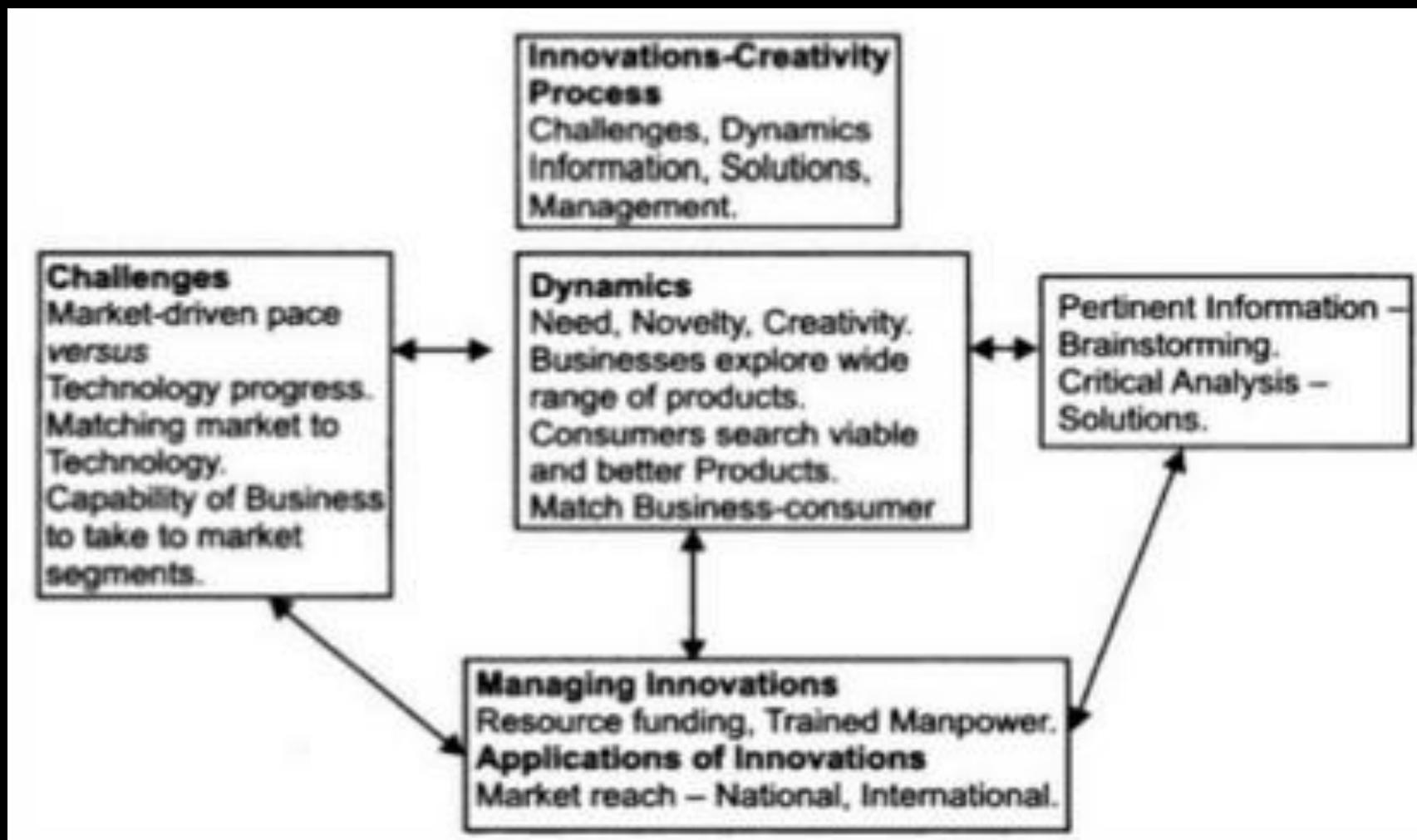
Innovation Flow



INNOVATION= CREATIVITY+ INVENTION+COMMERCIALIZATION



Composite Model of Innovation



INNOVATIVE IDEA RESULTS

Pocket-Sized Washing Machine



3 in 1 Breakfast Maker



Solar-Powered Camping Tent



The Stormproof Umbrella

problem



solved



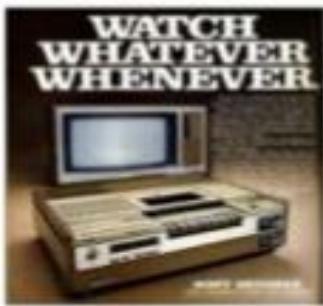
Heated Butter Knife



NOT ALL INNOVATIONS ARE SUCCESSFUL

Global Products

Betamax



Laser Disc



Ford Edsel



Colgate



Indian Products



Tata Nano



Tata Estate

(Failures due to wrong positioning)



Bajaj Geared Scooter



2- Stroke Bikes

Six Thinking hats of innovation

Managing Blue - what is the subject? what are we thinking about? what is the goal? Can look at the big picture.

Information White - considering purely what information is available, what are the facts?

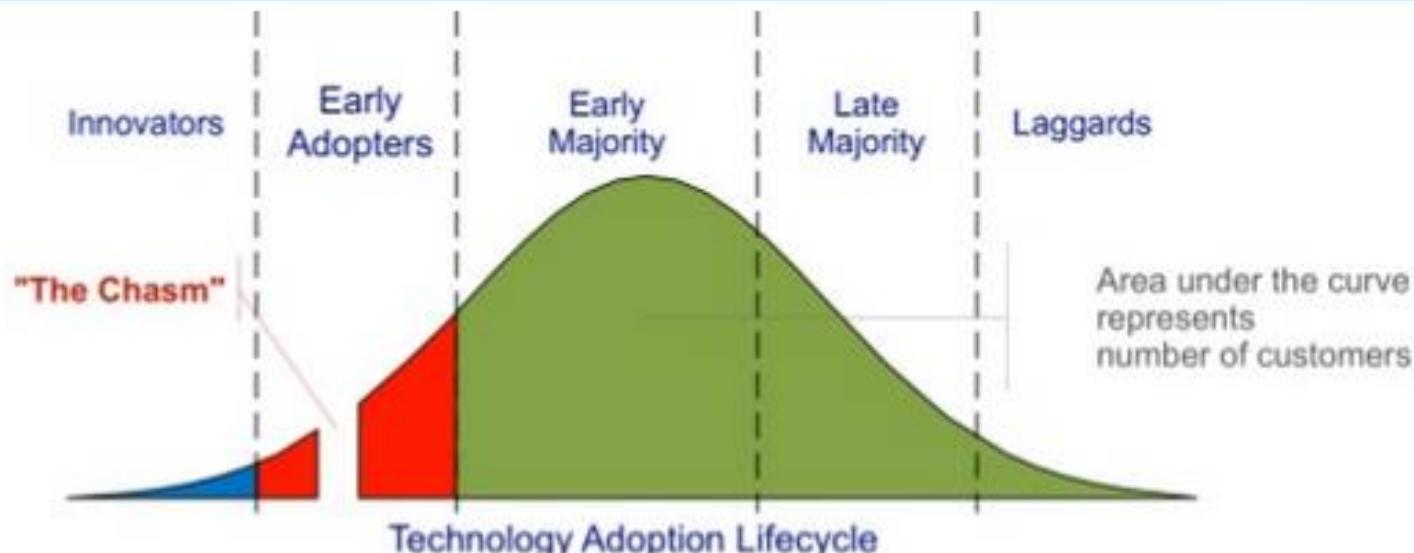
Emotions Red - intuitive or instinctive gut reactions or statements of emotional feeling (but not any justification)

Discernment Black - logic applied to identifying reasons to be cautious and conservative. Practical, realistic.

Optimistic response Yellow - logic applied to identifying benefits, seeking harmony. Sees the brighter, sunny side of situations.

Creativity Green - statements of provocation and investigation, seeing where a thought goes. Thinks creatively, out of the box.

Diffusion of Innovation & Adopter Categories



- **Innovators** : First 2.5% of individuals to adopt an innovation.
 - Adventurous, comfortable with a high degree of complexity and uncertainty
 - have access to substantial financial resources
- **Early Adopters** : 13.5%
 - Adopt the innovation
 - are excellent "missionaries" for new products or processes.
- **Early Majority** : 34%.
 - Adopt innovations slightly before the average member of a social system.
- **Late Majority** : 34%
 - Adopt innovation with a skeptical air
 - They may have scarce resources.
- **Laggards**: 16%

OPPORTUNITY IDENTIFICATION



Click to add text

OPPORTUNITY IDENTIFICATION

- ✓ **Process that involve the search for and discover business opportunities. A business idea starts with an opportunity.**
- ✓ **Approaches:-**
 - ✓ **Observe changes in the environment**
 - ✓ **Recognize a need that customers have that is not being satisfied**
 - ✓ **Recognize problems and find ways to solve it.**
Click to add text
- ✓ **A business opportunity exists when there is demand for goods and services to meet the needs and wants of community.**
- ✓ **Changes in the environment create opportunities; cultural, social, legal, economy, political,& technology (C-SLEPT).**

Illustrations - Environment changes

- **Good economic condition**
 - ↑ demand luxury cars, homes
- **Increase number of working couples**
 - ↑ demand maids, babysitter
- **Introduction of ICT**
 - ↑ demand computers, repairs, knowledge, spare parts

Process of Identifying, Evaluating and Selecting Business Opportunity

Step 1

**Identifying
the needs
& wants of
customers**

Step 2

**Scanning
the environme
nt &
evaluating
of self the
community**

Step 3

**Screening
of business
opportuniti
es**

Step 4

**Selecting a
business
opportunit
y &
preparing
a business
plan**

Step 1: Identification of NEEDS & WANTS of consumers

- **Need** - is something basic in life such as food, drink, clothing and shelter.
- **Want** - is extension of need; craving for better than the basic need.
 - **Need for food:** Rice
 - **Want for food:** Chicken Rice (Chicken Rice Shop)
 - **Need for shelter:** Renting a flat with 10 housemates
 - **Want for shelter:** Renting a condo
- The better the economy of people, the more business opportunities available for the entrepreneurs.

- Human **NEEDS** and **WANTS** are unlimited.
- Next, translate the **NEEDS** and **WANTS** into **PRODUCTS** or **SERVICES**.
- **PRODUCTS** - are physical forms e.g. car, handphone, books.
- **SERVICES** - non-physical form, intangible product e.g. cab service, telco network, training.

Step 2: Environmental Scanning, Self Analysis & Community Values

3 factors to be considered:

1) *Environmental Scanning*

- ***help identify business opportunities.***
- ***2 approaches:***

i) Macro scanning

e.g. population, ethnics, average income,

ii) Micro scanning

e.g. family size, eating habits, individual income.

Step 2: Environmental Scanning, Self Analysis & Community Values

2) Self Evaluation

- to see what is available in oneself:

i) Experience

- match business with experience

e.g. engineer work with Public Work Dept (JKR) will become a Civil Engineer.

ii) Knowledge & Skill

- do business on what he really knows what to do e.g. Contractor must not only knows how to manage his business but also how to construct the buildings.

Step 2: Environmental Scanning, Self Analysis & Community Values

2) Self Evaluation (cont.)

- to see what is available in oneself:

iii) Financial situation

- business that is planned to be implemented must match with financial ability. E.g. Land owner can do housing business.

iv) Interest

- select business based on his interest e.g. a person with gardening hobby can open nursery.

v) Networking

- good networking generate business opportunity e.g. trading

Step 2: Environmental Scanning, Self Analysis & Community Values

3) Values/Norms of the Community

- business opportunities need to be coordinated with the religious' and society's values or norms.
- Values and Norms = what is perceived as useful and beneficial to the community.
- E.g. Incinerator in Kuala Langat, Nuclear-powered electricity generator, poultry farm nearby residential areas.

Step 3: Screening of Business Opportunities



- ***Legality:***
 - ensuring the business opportunity is a legal one.
 - E.g. selling pirate DVD, imitate product e.g. Crocs.
- ***Degree of competition:***
 - choose business that is not monopolized.
 - E.g. supplying Sugar
- ***Capital requirements:***
 - to identify sufficient funds to finance the business.
 - E.g. own money, debt financing, FDI.
- ***Risks involved:***
 - expecting the potential uncertainties & considering the percentage of success & failure.
 - E.g. sell 2nd hand cars

2 types of risks:

1) *Business Risks:*

Types of Business Risks	Description	Examples
Transferable Risks	Risk that can be transferred to another party.	Insurance scheme that cover fire, stolen stocks and accident at work.
Controllable Risks	Risk that can be somewhat controlled by an entrepreneur.	Cannot fully control the situation involving market expectations, labor turnover, product quality & machine breakdown.
Uncontrollable Risks	Risk that cannot be controlled by an entrepreneur.	Economic downturn, natural disaster e.g tsunami.

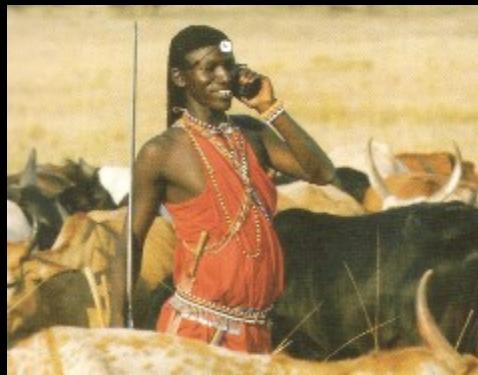
2 types of risks:

2) Financial Risks:

Types of Business Risks	Description	Examples
Liquidity level	Low liquidity – problem of setting short term debt; Too high liquidity – overspending.	Lack of stocks, too much cash in hand
Loan	Risk due to non-servicing of financial loan.	Finance business through bank's loan – still have to pay bank monthly despite no profit.
Credit	Risk when company give credit facility to customers.	Buy on installment - potential to be bad debt if not able to recover from customer for a long period of time.
Foreign exchange	Risk due to increase or decrease of foreign currency rate.	Import/Export business – RM[] foreign product expensive; RM[] our product becomes cheap =increase Profit Margin

Seeing Opportunities

- Simply understand that there is little difference between obstacle & opportunity
 - able to turn both to their advantage
- The opportunities for potential entrepreneurs are unlimited.



Technology is perhaps the most dramatic force shaping the marketing environment.

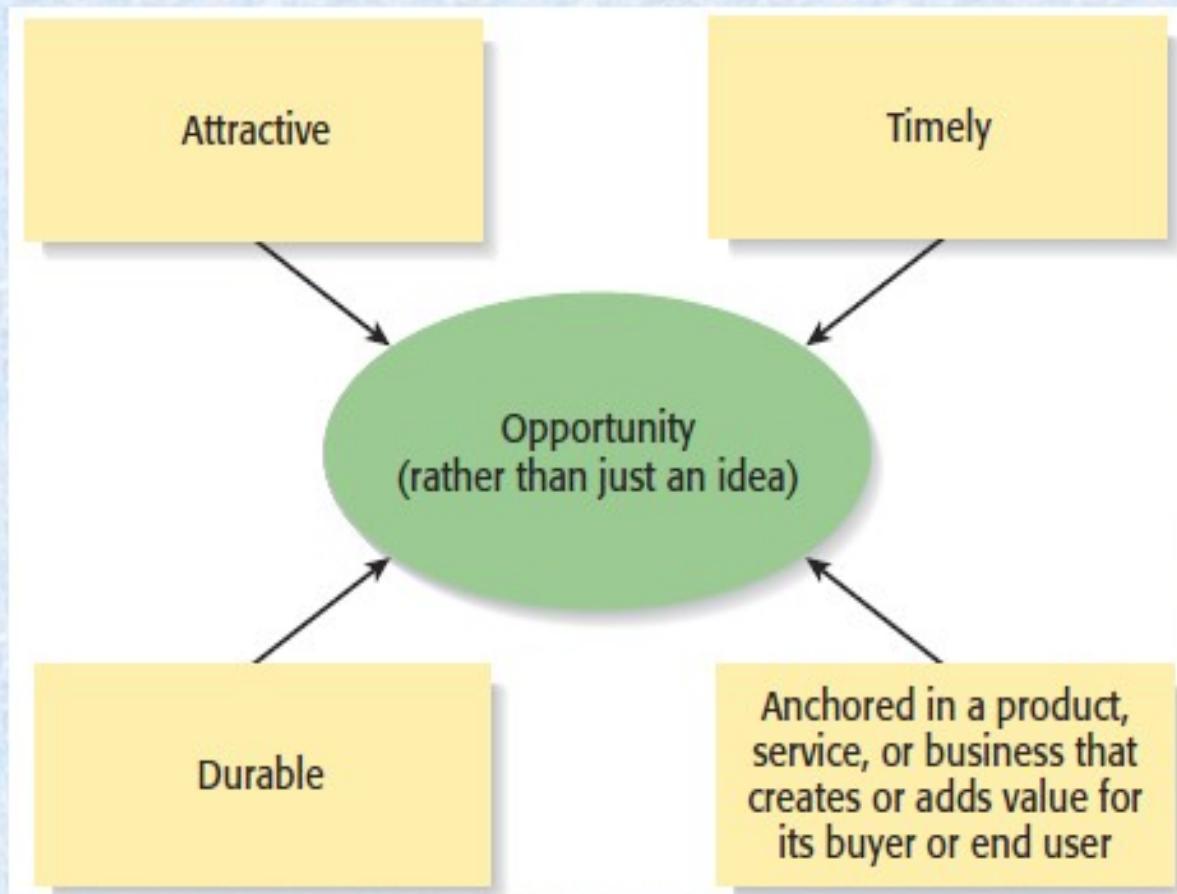
Here, a herder makes a call on his cell phone

Step 4: Selecting a business opportunity and preparing a business plan

- After fulfill step 1 to 3, it is time for the entrepreneur to select a business opportunity.
- Then to prepare the business plan.



Essential Part of Opportunity



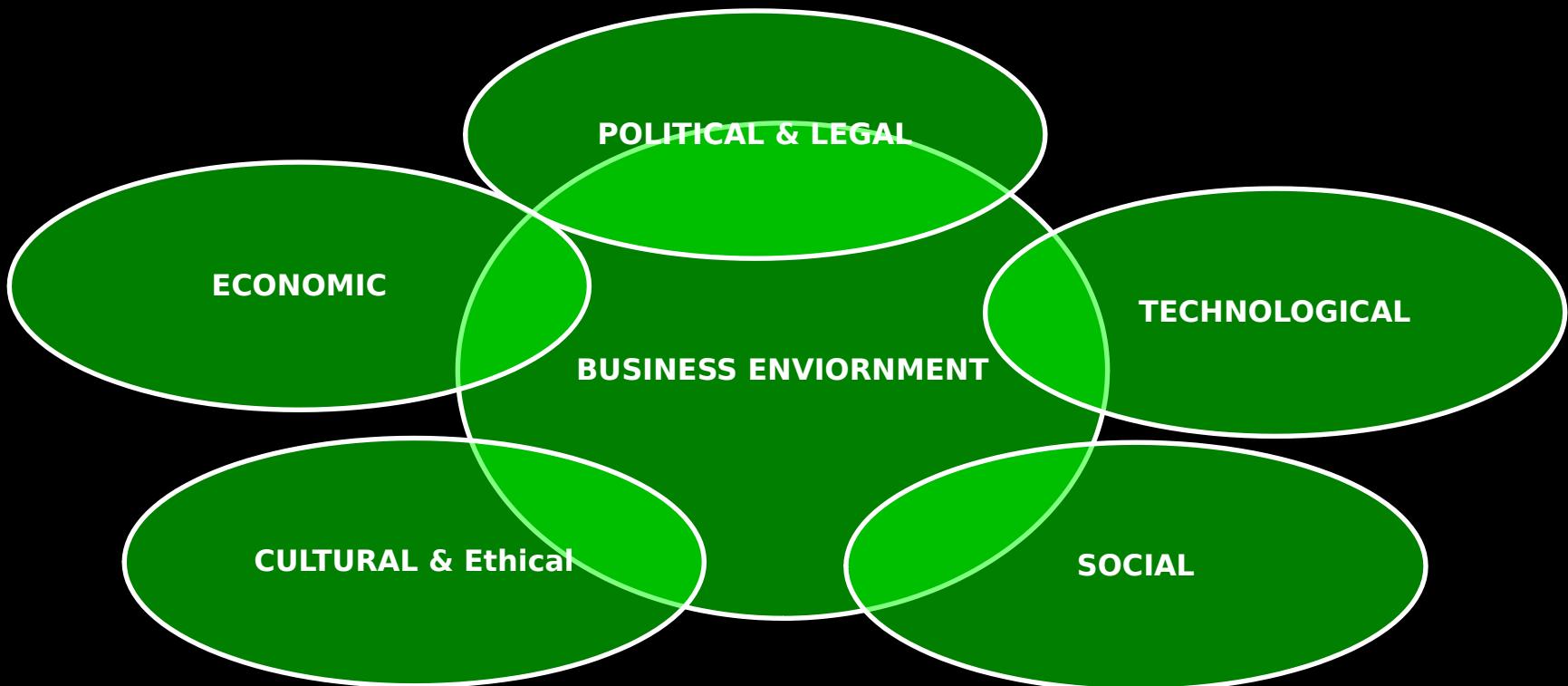
Ways to find out opportunity

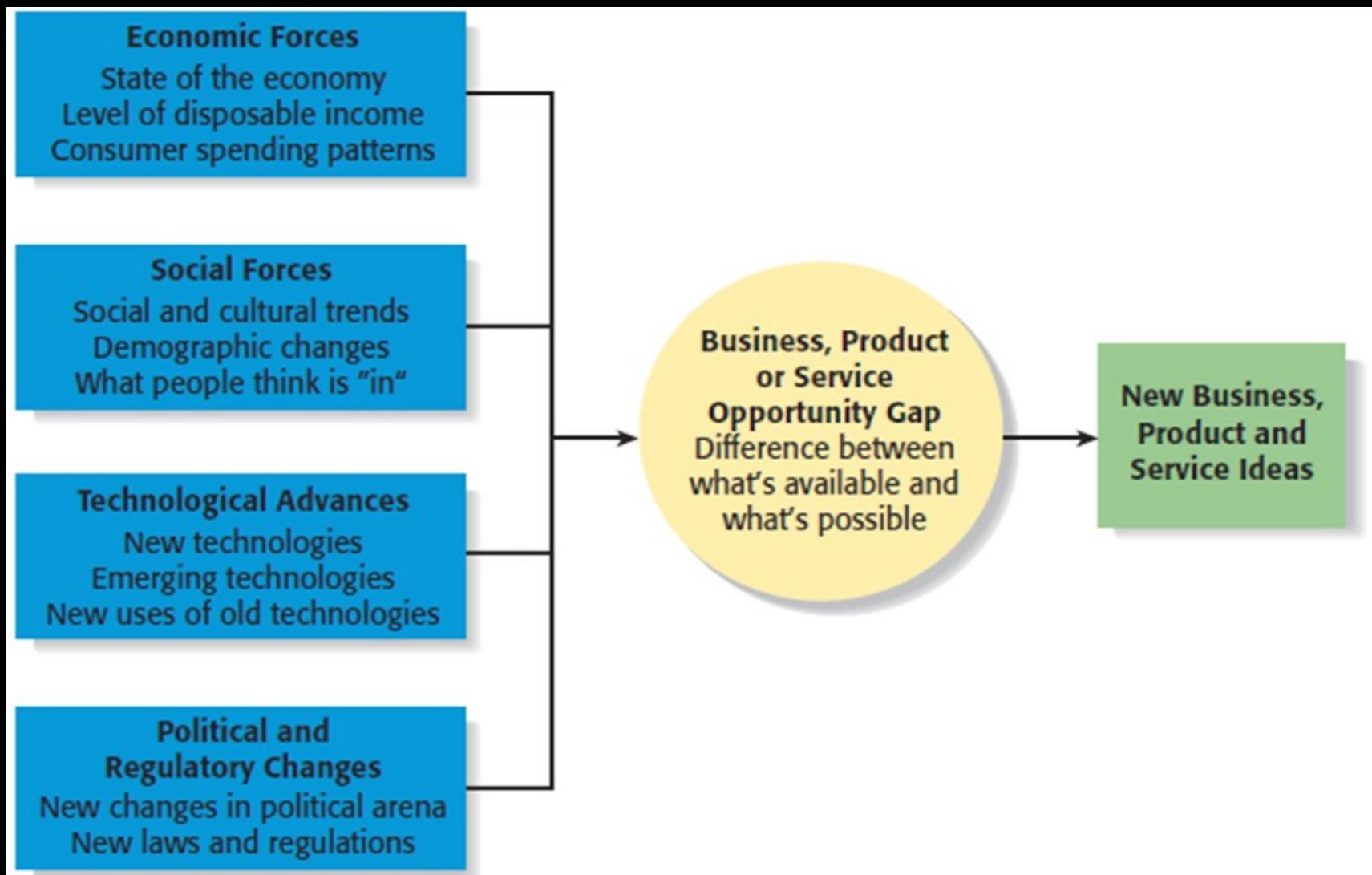
Observing Trends

Solving a Problem

Finding Gaps in the
Marketplace

FIRST APPROACH-OBSERVING TRENDS





Examples

- **Pizza Hut(U.S)- Saudi Arabia- separate cabins for single men and families**
- **McDonald's(U.S)-India- does not use beef**
- **USA- Men & women are equal-Middle East- Women are subordinate of men**
- **USA- Bribery is unethical- Saudi Arabia- generally accepted**
- **USA- present exact profit to tax. dept.- Italy- people understate profits as tax authorities overstate the profit and impose greater amount of tax**

Customs

- Silence means acceptance in USA but not in Japan
- In Mexico Campbell sells large cans of soup but not in Britain
- Spicy food in China & Japan but light food in European and many of American countries

SECOND APPROACH SOLVING PROBLEM

- A problem faced in the rural India is finding alternatives to wood stove
- A large number of entrepreneurial firms, like this wind farm, are being launched to solve this problem.

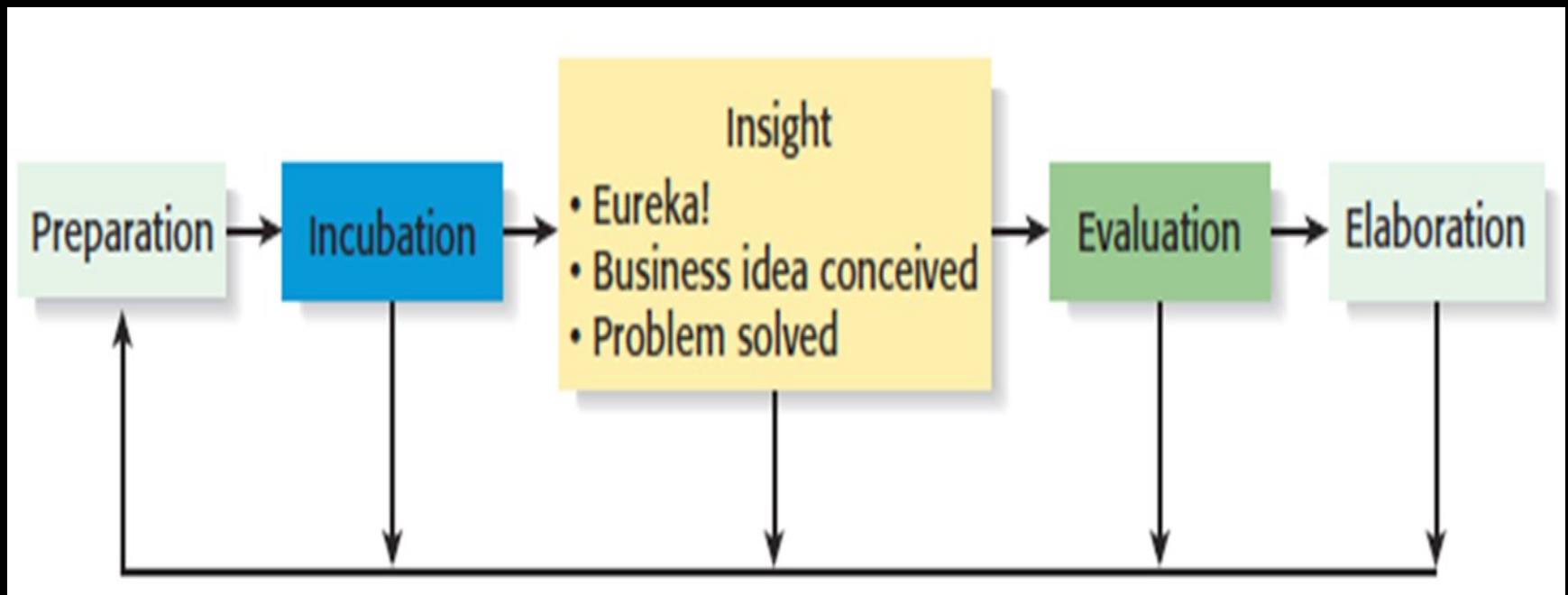


Third Approach: Finding Gaps in the Marketplace

- A gap in the marketplace is often created when a product or service is needed by a specific group of people but doesn't represent a large enough market to be of interest to mainstream retailers or manufacturers.



Steps to generate creative ideas





Prior Analysis of Customers Identification



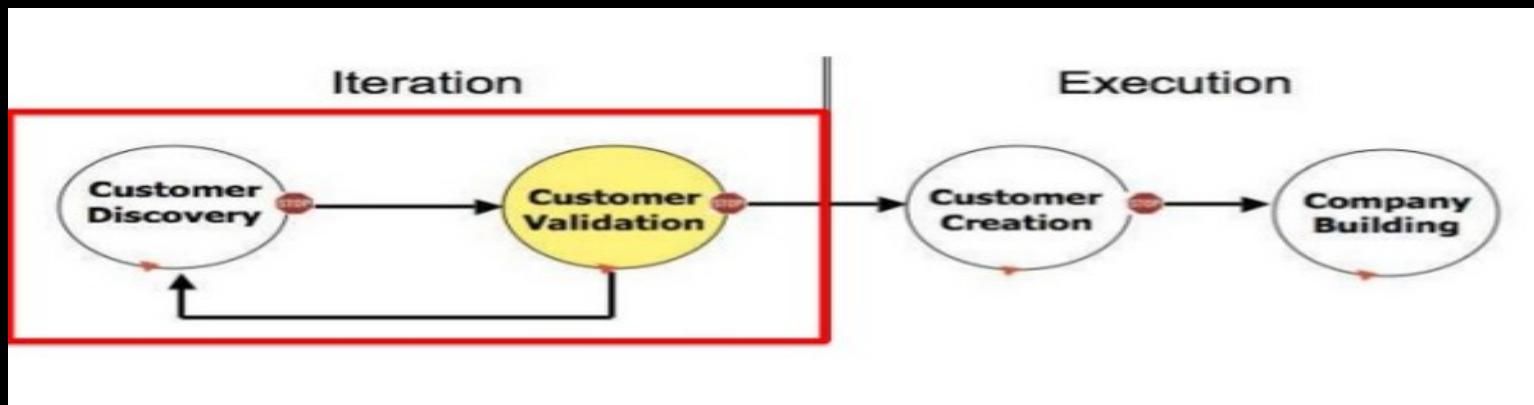
- **Can you identify any customers?**
 - what customer pain will your business idea resolve
 - evidence that your idea is superior (better, faster, cheaper) enough to get customers to change what they are doing now
 - evidence that customers will buy
 - list of initial customers
- **Defining a targeted market segment**
 - who, in terms of demographics or psycho-graphics
 - where, in terms of geography
 - benefit expected
- **Will this segment lead to others?**



Customers Development Model

The four steps of the framework are:

- **Customer discovery** – Understand customers and their needs that you may be able to satisfy.
- **Customer validation** – Have a product that will fulfil your customer's needs.
- **Company creation** – You determine whether your product will fulfil all the customers needs
- **Company building** – You can grow your organization in order to support the demand for your product.





Identify Assumptions

Business Environment, Dependencies, Minimum requirement for a solution Change

management required

Validate Assumptions

Hypothesize potential solutions

Start Delivering

CUSTOM ER DISCOVERY

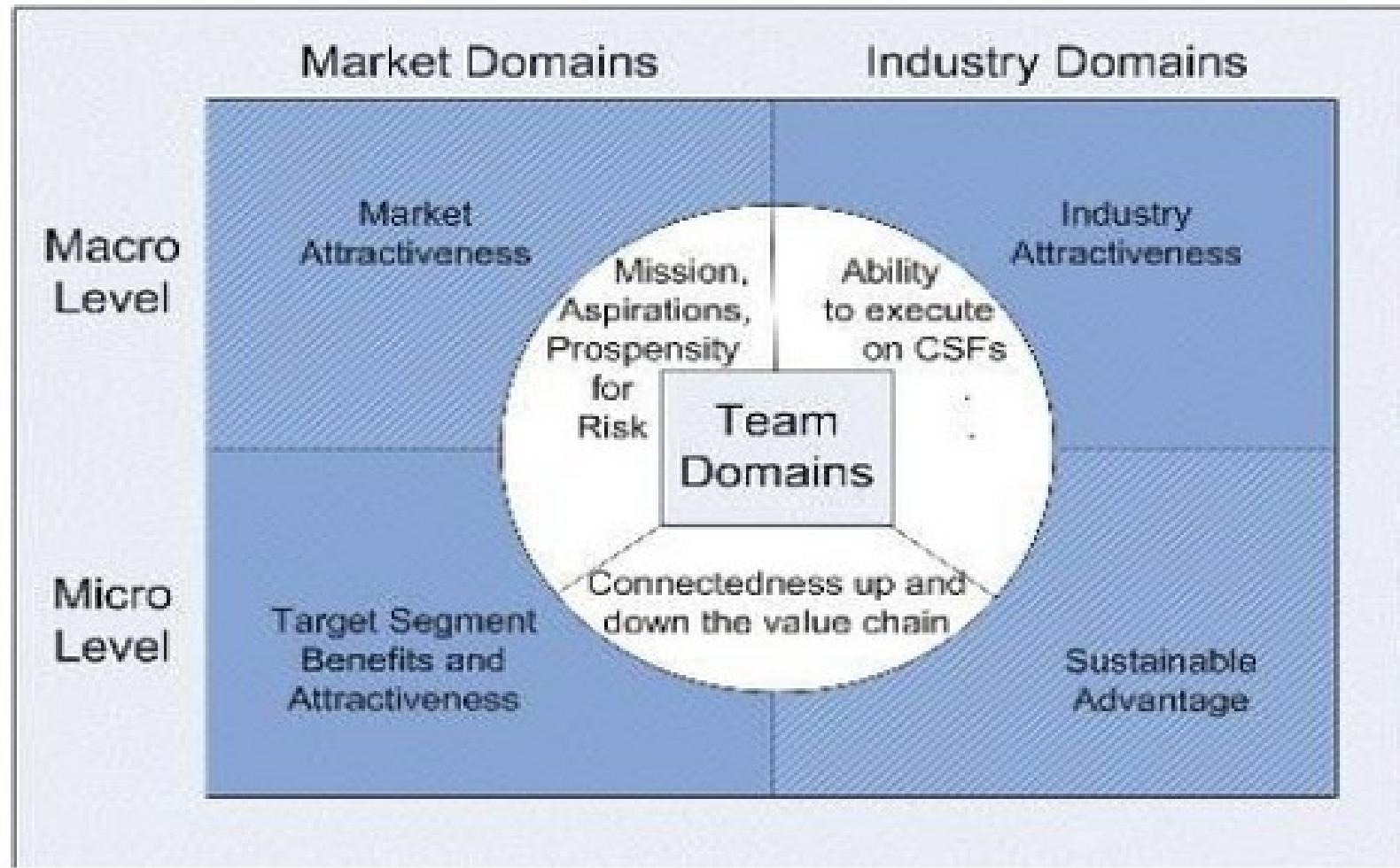
Identification the need

Constantly Reevaluate your solution



- Teams - Opportunity assessment - Customer validation -
- Feasibility Study -
- Business plan - Preparation and Execution - Challenges
- [https://www.youtube.com/watch?
v=OkNpsVMT84w](https://www.youtube.com/watch?v=OkNpsVMT84w)

Team Domain



1. Market Domain/Macro Level Market Attractiveness :-

looks at

- the size in terms of the number of customers
- the sales value and the quantity of units sold.
- recent growth and whether previous growth is likely to continue
- ***whether the market is healthy enough to welcome new products or if it is declining in growth.***

2. Market Domain/Micro Level: Sector Market Benefits and Attractiveness:

This domain looks at

- the market segment on a micro level
- which segment is most likely to benefit from the new product,
- how is the product being considered than the ones currently being offered
-





3. Industry Domain/Macro Level: Industry Attractiveness

- how difficult is it to enter the industry and how overburdened it is with competition.
- how fierce the competition is currently
- whether there is theft of ideas and strategies among the participants.
- investigate the power of buyers and suppliers within the industry and their ability to set their own terms,
- how this might affect the new product or service being considered.

4. Industry Domain/Micro Level: Sustainable Advantage:

- how easily the competition will be able to duplicate the product or service you are considering
- how you can minimize this possibility
- possible advantages on either side, such as patents, technological processes, and financial backing.



5. Team Domain: Mission, Aspirations, Propensity for Risk:

- the analysis turns inward, toward the team in place to start the venture.
- to look at the level of commitment that both leadership and individuals have to the idea being considered.
- Whether the team is willing to work hard in order to see the idea succeed
- is willing to live with the level of risk involved are also factors that need to be considered.

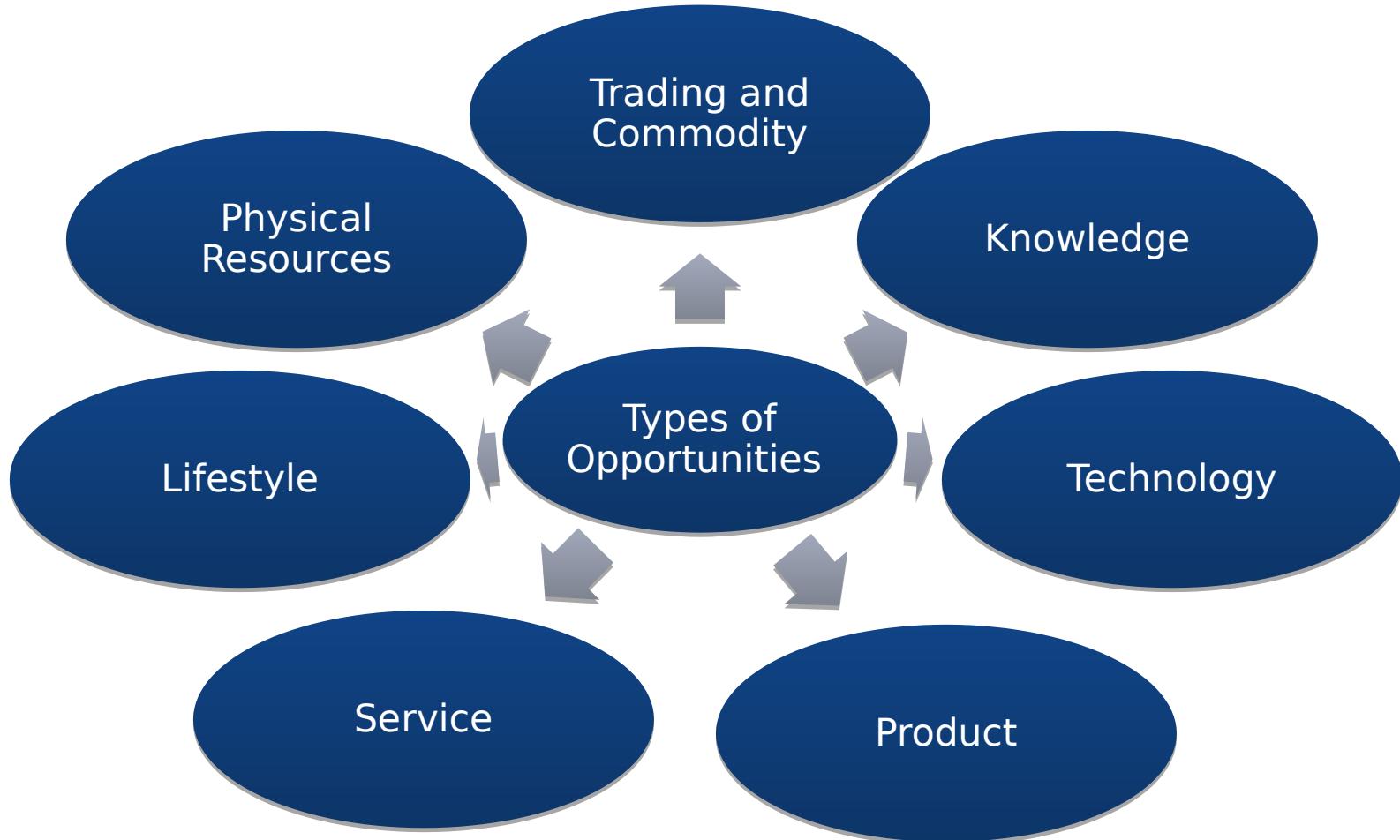
6. Team Domain: Ability to Execute on Critical Success Factors:

- whether the internal team in place is able to deliver on them.
- which decisions can be made that have the potential to significantly harm or help the business succeed
- who is responsible for making these decisions.
- If there are gaps in talent or decision-making ability, think about what positions can be filled to minimize those gaps.

7. Team Domain: Connectedness Up, Down, Across Value Chain:

suppliers, investors, customers, distributors, and the competition. how they can potentially help or hurt the business being considered will help to head-off or prepare for potential conflicts in the future.

Opportunity Assessment

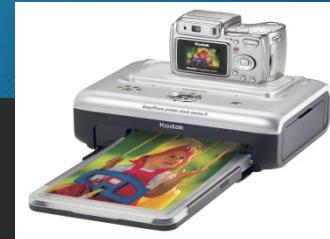


KNOWLEDGE



- Knowledge opportunities exist where specialist information, know-how or expertise can be applied to create value
- Knowledge resources can have major new markets, and knowledge opportunities are continually expanding.
- Universities, research institutes, consultancy practices, publishers and many others are players in the knowledge economy.

TECHNOLOGY-BASED



- Technology-based opportunities apply a technology to solve a problem, meet a need or create a new product or process.
- The technology may be physical, such as an engineering or manufacturing process, or a chemical, biological, or information-based technology.
- Biotechnology, physical, material and earth science, organic and inorganic chemistry and computer programming are all examples of technology-based opportunity.
- It is usually highly skill and resource intensive, requiring significant research and development support and budgets.

PRODUCT OPPORTUNITIES



- Product opportunities are where existing products can be used to meet market demand as they are, or can be adapted by incremental innovation where new markets can be found.
- It is advantageous if a product has intellectual property that can be protected through patents or design rights.
- Otherwise, it would become a commodity, and can be easily copied and sold at a lower price.

SERVICE OPPORTUNITIES



- A service is intangible; there is no physical product, and whilst knowledge and technology are likely to be used in providing the service, they are generally not significant outputs from it.
- Barriers to entry are often low as is the level of investment required.
- Services can include health, child and social care, office services, personal and social, telecommunications and computing, education and training, and financial, legal and property services.
- There is little intellectual property to protect other than the brand name.

LIFESTYLE OPPORTUNITIES



- Lifestyle opportunity is a sub-set of the service sector.
- It is where customers are provided with an experience which makes their life easier or more pleasant.
- These include leisure, tourism, hospitality, culture and entertainment.
- These are all areas of discretionary expenditure, where people wish to consume or experience sports, food and drink, films, music, drama, dance and other pleasures.

PHYSICAL RESOURCE



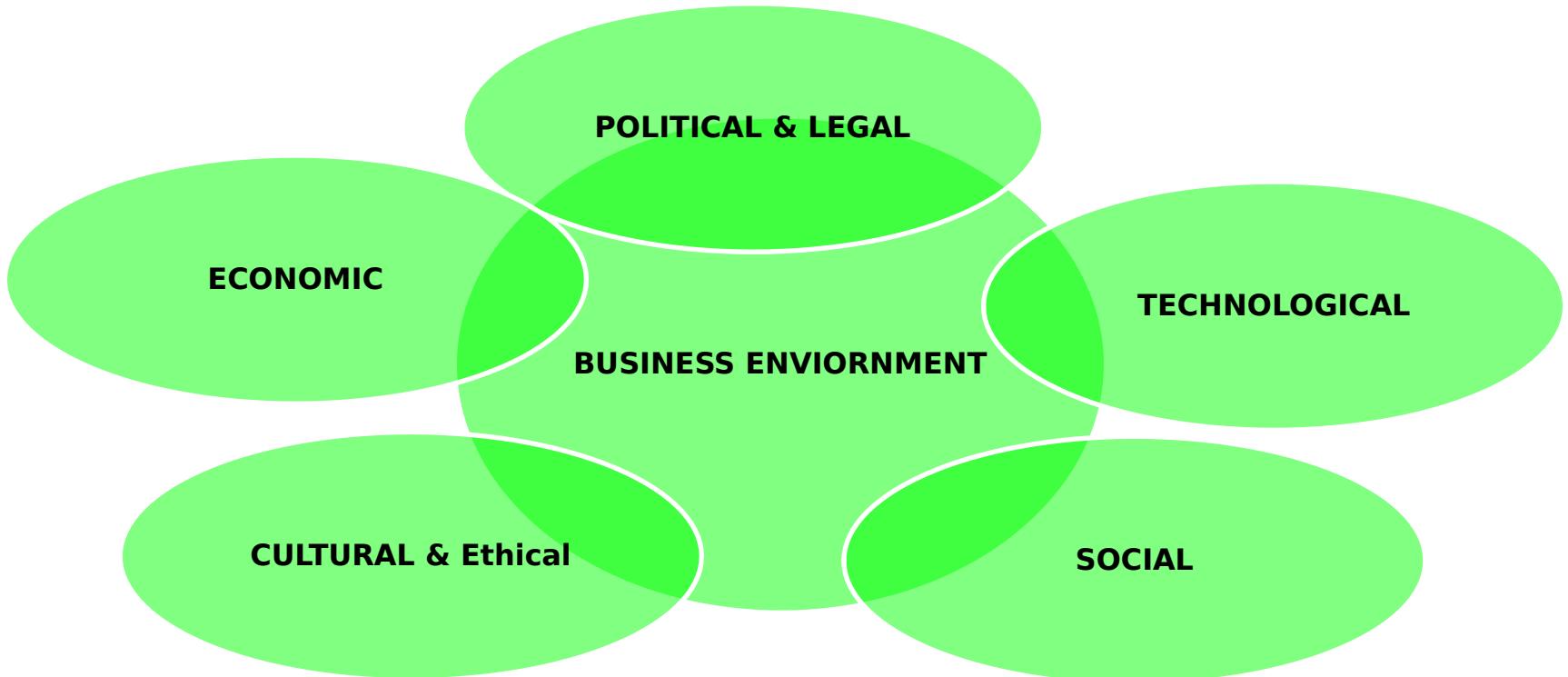
- These include the exploitation of land, water or naturally occurring resources. This includes extracting basic resources, such as oil, gas, and minerals. It also includes land use such as agricultural production and land, property and real estate development.
- Advantages include the increasing demand and pressure for access to and consumption of resources as the world population, energy needs and economic development increase.
- Physical resources tend to involve long-term investment, with significant capital employed for long periods in land ownership, resource extraction or renewable power generation.

TRADING AND COMMODITY

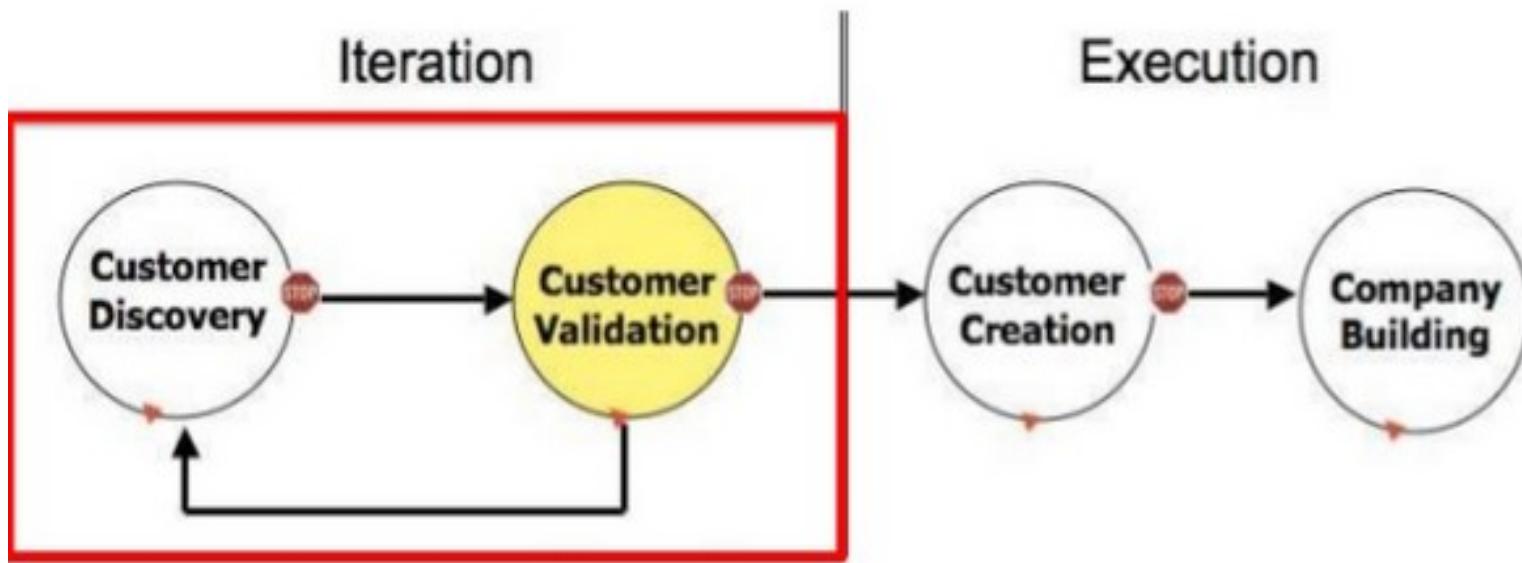
- These are based on buying and selling in relation to market conditions of supply and demand.
- These include wholesale and retail, energy (oil, gas, electricity), chemicals, raw materials, semi-manufactured items, food and agricultural produce, and any commodity which can be bought, traded, or sold, including securities, currency, stocks and purchase options.
- Trading requires the ability to predict and act on market trends, with exposure to risks of changing market demand and pricing.



Assessing Opportunity



Customer Validation



FEASIBILITY

Step 1: Conduct preliminary analysis

- outline the planned idea or action.
- examine the market space and the **commercial viability** of the action.
- examine the **unique characteristics of the idea** and whether they are strength or a weakness.
- determine if there are **insurmountable risks** to the action.

Step 2: Outlining the project scope and conducting current analysis

- Outline the area of study
- Objectives
- Proposed action or idea (launching a new product, service)
- Proposed action for staff, location, scale of business
- SWOT Analysis

FEASIBILITY

Step 3: Comparing your proposal with existing products/services

Step 4: Examining the market conditions

- Defining the **target market**.
- Studying the **buying habits of the target market**.
- Understanding the **sale and market share outlook** of the proposal.
- Outlining the **product awareness** required for the use of your product or service.

Step 5: Understanding the financial costs

- The **resources required** to implement the idea or action.
- The source for these resources: **internal or external financing**.
- The realistic **benefits of the idea** or action
- The **break-even schedule** for the proposal.
- The **financial risks associated** with the idea or action.
- The **financial cost** of failure.

Business Plan

- It is the next step after developing the feasible business concept
- Objective:-
 - ✓ Alignment of team
 - ✓ Operating Plan
 - ✓ Communication across company , department, partners
 - ✓ Investment Capital
 - ✓ Expansion capital(banks,eases)
 - ✓ Mergers/acquisition process

The Parts of a Business Plan

Cover Page

Market Analysis

Title Page

Competitive Analysis

Table of Contents

Marketing Plan

Executive Summary

Operations Plan

Management Plan

Organizational Plan

Company Description

Financial Plan

Product and Service Plan

Growth Plan

Mission and Vision Statements

Contingency Plan

Industry Overview

Supporting Documents

Format of Business Plan

- **TITLE PAGE**
 - Name of the business
 - Owner /Owners
 - Contact Details (Addresses, Phone & email etc)
- **EXECUTIVE SUMMARY**
 - Business ideas & Goals : Over view of business
 - Marketing : Products & services being sold?
 - Operations : Business Location & staff
 - Finances : Breakeven period, finance required.

Format of Business Plan

- **BACKGROUND**

- Mission Statement
- Company history (existing business)
- Business Goals (Short term/Long term)

- **MARKETING**

- Market Research
- Market Analysis (Industry / Seasonality /Competitors /SWOT)
- Marketing Plan (Target market/ distribution channel /pricing)
- Evaluation of Marketing

Format of Business Plan

- **OPERATIONS & PRODUCTION**
 - Legal & Licensing requirements
 - Management details
 - Organization structure & staffing
 - Insurance & Security needs
- **FINANCIAL PROJECTIONS**
 - Income & Expenses
 - Financial forecasts
- **IMPLEMENTATION TIME TABLE**
 - Time needed to set up & run the business

Sample business plans

- <https://www.slideshare.net/sakurashu28/feasibility-study-28843825>
- <https://www.youtube.com/watch?v=Fqch5OrUPvA>
- <https://www.youtube.com/watch?v=GBEPYDLD3vg>
- <https://www.smallstarter.com/know-the-basics/100-free-sample-business-plan-templates-for-african-entrepreneurs/>