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Overview

- What is an entrepreneur?
- Characteristics of an entrepreneur
- Planning to be an entrepreneur
- Essential groundwork to launch a Startup
- Financing startup
- Preparation of a business plan
- Growth pressures, managing a family business, and corporate intrapreneurship

Know Them?



entrepreneur

Any Common Characteristics?

- **Passion and Motivation**
- **Not Afraid to Take Risks - Risk takers**
- **Self-belief, Hard Work and Disciplined Dedication**
- **Adaptable and Flexible**
- **Product and Market Knowledge**
- **Strong Money Management**
- **Effective Planning (Not Over-Planning) Skills**
- **The Right Connections**
- **Exit Preparedness**
- **Ability to Question Themselves – But Not Too Much**
- **Original thinkers**
- **Take responsibility for own actions**
- **Feel competent and capable**
- **Set high goals and enjoy working toward them**





Definition - Entrepreneurs

- **Entrepreneurship** is the process of designing, launching and running a new business, which is often initially a small business. The people who create these businesses are called **entrepreneurs**.

<https://en.wikipedia.org/wiki/Entrepreneurship>

- **Entrepreneurs** are people with the ability to create an entrepreneurship where none existed before. They produce combinations of ideas, skills, money, equipment and markets that form a successful enterprise.

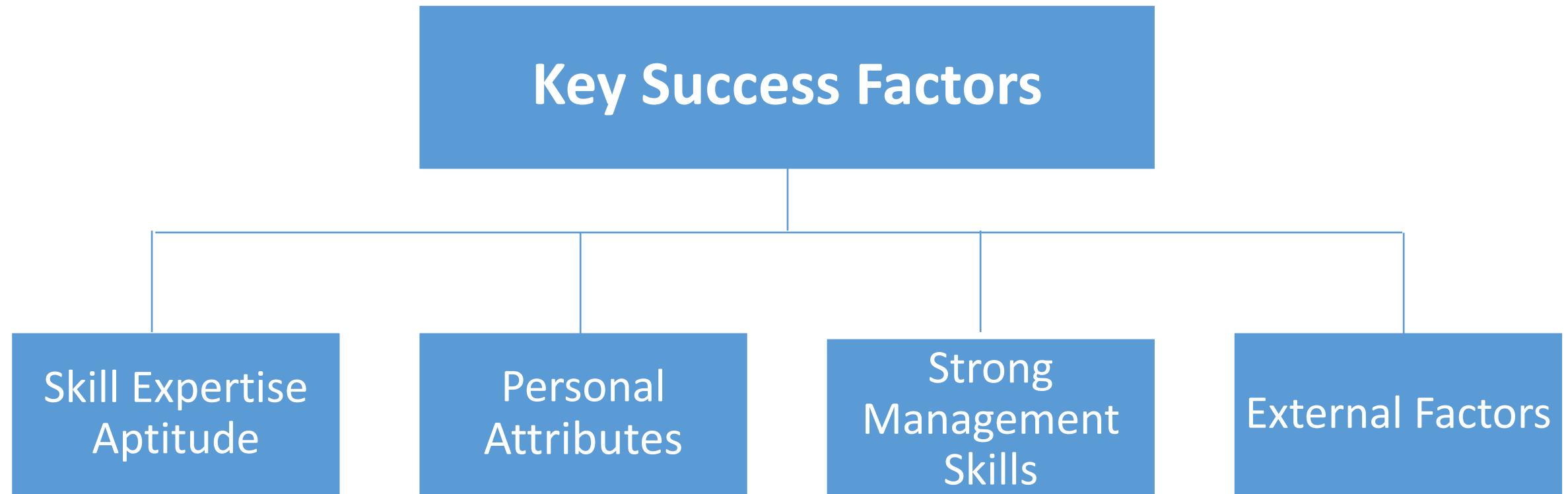
Entrepreneurs Vs Intrapreneurs

- Entrepreneurs are people that notice opportunities and take the initiative to mobilize resources to make new goods and services.
- Intrapreneurs also notice opportunities and take initiative to mobilize resources, however they work in large companies and contribute to the innovation of the firm.
- Intrapreneurs often become entrepreneurs.

Successful and Unsuccessful Entrepreneurs

- Successful
 - Creative and Innovative
 - Position themselves in shifting or new markets
 - Create new products
 - Create new processes
 - Create new delivery
- Unsuccessful
 - Poor Managers
 - Low work ethic
 - Inefficient
 - Failure to plan and prepare
 - Poor money managers

Key Success Factors



Skill Expertise Aptitude

- What makes someone a successful entrepreneur?
- Strong particular skills, expertise and aptitudes that can be applied profitably in enterprise.
 - Best to start with something you feel very comfortable and know lot about it or in which you are skilled
- Skills
 - Usually refers to manual work, can be learned.
 - Become an electrician, hairdresser
- Expertise
 - Based on knowledge that you acquire
 - Obtained from studying and/or experience
- Aptitude and talents
 - What you are born with/talents

Skill Expertise Aptitude (cont.)

- Leadership and Motivation:
 - Can you lead and motivate others to follow you and deliver your vision? And are you able to delegate work to others? As a successful entrepreneur, you'll have to depend on others to get beyond a very early stage in your business – there's just too much to do all on your own!
- Communication Skills:
 - Are you competent with all types of communication ? You need to be able to communicate well to sell your vision of the future to investors, potential clients, team members, and more.
- Listening:
 - Do you hear what others are telling you? Your ability to listen can make or break you as an entrepreneur. Make sure that you're skilled at active listening and empathetic listening.

Skill Expertise Aptitude (cont.)

- Creative Thinking:
 - Are you able to see situations from a variety of perspectives and come up with original ideas? (There are many creativity tools that will help you do this.)
- Problem Solving:
 - How good are you at coming up with sound solutions to the problems you're facing? Tools such as Cause & Effect Analysis , the 5 Whys Technique, and CATWOE are just some of the problem-solving tools that you'll need to be familiar with.
- Recognizing Opportunities:
 - Do you recognize opportunities when they present themselves? Can you spot a trend ? And are you able to create a plan to take advantage of the opportunities you identify?

C	Customers
A	Actors
T	Transformation Process
W	World view
O	Owners
E	Environmental Constraints

Read more: www.toolhero.com

Skill Expertise Aptitude (cont.)

- Goal Setting:
 - Do you regularly set goals , create a plan to achieve them, and then carry out that plan?
- Planning and Organizing:
 - Do you have the talents, skills, and abilities necessary to achieve your goals? Can you coordinate people to achieve these efficiently and effectively? (Here, effective project management skills are important, as are basic organization skills.) And do you know how to develop a coherent, well thought-through business plan , including developing and learning from appropriate financial forecasts ?
- Decision Making:
 - How good are you at making decisions? Do you make them based on relevant information and by weighing the potential consequences? And are you confident in the decisions that you make?

Skill Expertise Aptitude (cont.)

- Create/Maintain Personal Relations:
 - Are you emotionally intelligent? The higher your EI, the easier it will be for you to work with others. The good news is that you can improve your emotional intelligence!
- Negotiation:
 - Are you a good negotiator ? Not only do you need to negotiate keen prices, you also need to be able to resolve differences between people in a positive, mutually beneficial way.
- Ethics:
 - Do you deal with people based on respect, integrity , fairness, and truthfulness? Can you lead ethically ? You'll find it hard to build a happy, committed team if you deal with people – staff, customers or suppliers.

Personal Attributes

- Entrepreneurs are Made, Not Born!
 - Many of these key attributes are developed early in life, with the family environment playing an important role
 - Entrepreneurs tend to have had self employed parents who tend to support and encourage independence, achievement, and responsibility
 - Firstborns tend to have more entrepreneurial attributes because they receive more attention, have to forge their own way, thus creating higher self-confidence
- Entrepreneurial Careers
 - The idea that entrepreneurial success leads to more entrepreneurial activity may explain why many entrepreneurs start multiple companies over the course of their career
 - Corridor Principle- Using one business to start or acquire others and then repeating the process
 - Serial Entrepreneurs- A person who founds and operates multiple companies during one career

Personal Attributes (cont.)

- Need for Achievement
 - A person's desire either for excellence or to succeed in competitive situations
 - High achievers take responsibility for attaining their goals, set moderately difficult goals, and want immediate feedback on their performance
 - Success is measured in terms of what those efforts have accomplished
 - McClelland's research
- Desire for Independence
 - Entrepreneurs often seek independence from others
 - As a result, they generally aren't motivated to perform well in large, bureaucratic organizations
 - Entrepreneurs have internal drive, are confident in their own abilities, and possess a great deal of self-respect

Personal Attributes (cont.)

- Self-Confidence
 - Because of the high risks involved in running an entrepreneurial organization, having an “upbeat” and self-confident attitude is essential
 - A successful track record leads to improved self-confidence and self-esteem
 - Self-confidence enables that person to be optimistic in representing the firm to employees and customers alike
- Self-Sacrifice
 - Essential
 - Nothing worth having is free
 - Success has a high price, and entrepreneurs have to be willing to sacrifice certain things

Strong Management Skills

- **Time Management**
 - A successful entrepreneur must be able to make wise decisions about how he uses his time, continually evaluating and prioritizing tasks according to relevance and importance. This type of time management includes short- and long-range planning and the ability to participate in economic forecasting and market research. Entrepreneurs must also manage their professional life in conjunction with their family life, striking a balance between work and home.
- **Business Planning**
 - A successful entrepreneur has management skills to accurately research his market and develop a comprehensive, multi-year business plan. This includes accounting for growth and development, taking on employees, financing operations and marketing and running or overseeing the day-to-day business functions. This type of business planning includes the ability to manage economic forecasting.

Strong Management Skills (cont.)

- **Employee Management**

- Successful entrepreneurs must have the managerial skills necessary to evaluate potential employees, hire and train workers and put them in appropriate positions in her company. This means being a good judge of character, finding people who will work well together, and ensuring that staffers are qualified for their jobs. Once employees are on the job, a successful entrepreneur needs to have the ability to manage teams, oversee conflict and dispute resolution and provide ongoing training to encourage high-quality performance.

- **Customer Management**

- Finding and keeping customers is one of the entrepreneur's most important management undertakings because revenue from customers keeps the business alive. Entrepreneurs must have the management ability to juggle clients, trouble-shoot problems, oversee customer interactions with employees and ensure that customers are satisfied. Successful entrepreneurs are also continually soliciting new business and developing new business networks.

- **Sales Management**

- An entrepreneur must be able to sell himself and his products and services. The ability to turn leads into sales and sales into ongoing business is a trait important to all entrepreneurs, especially start-ups. Even if you have an exceptional sales force representing your company, customers are likely making their investment in you as much as in your business.

Strong Management Skills (cont.)

- Financial Management
 - Even if an entrepreneur hires an accountant or finance professional to track money and other assets, he is ultimately responsible for the financial management of his company. This takes on greater significance when a company is growing rapidly or bringing on investors. A successful entrepreneur has the management skills necessary to review books and financial statements to ensure that he is always aware of his business's finances.
- Business Management
 - Successful entrepreneurs must have strong overall business management skills. This means understanding all aspects of how his business operates, including the regulatory requirements of his industry. Entrepreneurs must be knowledgeable about labor, employment and tax laws, and must stay abreast of industry and market trends. This will help him quickly change direction if economic conditions dictate.

External Factors

- After you line up financing, find a suitable location, hire staff and organize a potentially successful business plan, you must turn to external factors to effectively predict your future.
- There are a slew of factors to take into consideration that usually are beyond your control.
- While you may have contingency plans in place to deal with outside influences that affect your business, sometimes the best you can do is improvise when they occur.

External Factors (cont.)

- Economy
 - The global economy is one of the biggest external factors that will, at some time, affect your business. Market fluctuations based on politics, terrorism attacks, wars and currency devaluation eventually trickle down to most commercial enterprises.
- Finance
 - Wall Street and the solvency of big banks and financial institutions may not seem to have much to do with your business, but eventually they may affect your ability to continue doing business. Interest rates, the availability of credit and consumer loans are external factors you rarely can control.
- Weather
 - If man could control the weather, vacation resorts would know exactly when to charge the highest room rates. Storms, tornadoes, hurricanes and wildfires are outside your purview of controllable business factors. In addition to the direct impact a storm may have on your ability to open your doors at any given time, widespread weather events often carry a substantial trickle-down effect to a wide range of businesses.
- Infrastructure facilities
 - Zoning laws, highway construction and housing development are particularly important to retail establishments, restaurants, manufacturers and other businesses that rely on a location for success. Changes in the local infrastructure may prove either disastrous or fortuitous to your company.

External Factors (cont.)

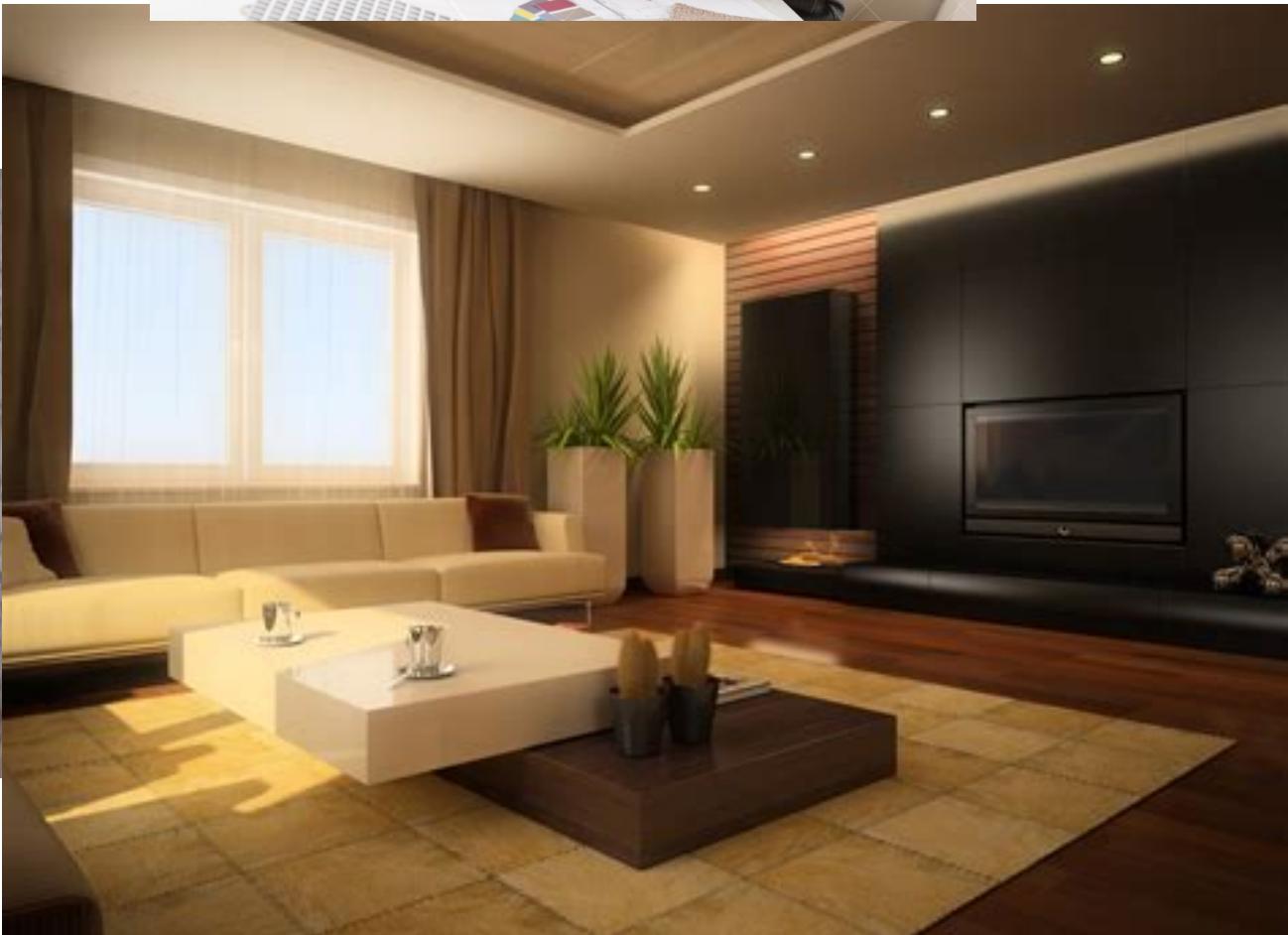
- Laws
 - State, local or federal changes in the laws can have a direct impact on your business if the service or product becomes highly regulated or outlawed. Cigarette manufacturers learned this lesson when public smoking was outlawed in many areas and smoking indoors has become practically nonexistent. Government regulations such as those that affect the environment or communication are beyond your control and could have a direct impact on your business.
- Trends/Technology changes
 - While you may spend a good part of your profits on marketing in the hopes of favorably influencing trends, some are beyond your control. An increase in technology use by your customers may be built into your strategic planning, but you may not have planned for the widespread use of social media that could affect your business. Celebrities who become advocates for a cause or decide to boycott a certain business practice can start a trend that could seriously affect your business if you're on the wrong side of the trend.
- Customer Base
 - Your target customer base may change suddenly or slowly over a period of time. The changing makeup of your neighborhood that attracts more singles or young renters can affect your business for example if you cater to a more upwardly mobile, family-oriented customer base. Cultural implications of a changing neighborhood may affect your business negatively or positively depending on your ability to meet the needs of changing demographics.

External Factors (cont.)

- Technical Proficiency
- Many entrepreneurs demonstrate strong technical skills, typically bringing some related experience to their business ventures
- For example, successful car dealers usually have lots of technical knowledge about selling and servicing automobiles before opening their dealerships
- Especially important in the computer industry
- NOT ALWAYS NECESSARY

Case Study In-class Group Work

- A successful interior decorator
- Analyze Key Success Factors



A successful Interior Decorator – A Clue

- Need to have
 - Knowledge about materials, furniture styles and use of space.
 - Knowledge about various manufactures, their products and services.
- Such person should be
 - Artistic
 - Creative
 - Have feel for colour and dimensions
- Need to maintain
 - Sound human relationships

You need a combination !!!



Addition for portfolio

1. Evaluate yourself critically and name your aptitudes/talents, skills and Expertise.
2. Think about your dreaming enterprise.
3. List possibilities for applying your combination of personal aptitudes, skills and expertise in your dreaming enterprise.

Essential Groundwork to Launch a Startup



Essential Groundwork to Launch a Startup

- **LOOK AT THE FUTURE** - There may be no time like the present, but entrepreneurship is all about the future.
- What the world will need next year, five years from now, even 20 years from now.
 - What we're evolving toward and come up with solutions for problems we may see in the future.
 - Come up with a product or service people will want to invest in – and eventually buy.
 - Investors want to see that your startup has potential to last for the foreseeable future, not peak in its first year and then fizzle out.



Essential Groundwork to Launch a Startup

- **BUILD A PROTOTYPE**
 - As an entrepreneur, you've probably wanted to get to this part from day one.
 - The chance to see your product or service come to life is exciting, and reminds you why you decided to start your own business in the first place.
 - at least create a **detailed blueprint** or plan of what your business will do.
- Get quality feedback from investors, friends, and potential customers.
 - When your prototype is ready for action, show it to people.
 - Listen to what they say about your idea and make necessary changes.
 - Is your product too difficult to use? Consider a simpler version.
 - Does your service lack a mobile presence? Include plans to create an app.
 - Keep an open mind, and remember that constructive criticism is not a personal attack.

Essential Groundwork to Launch a Startup

- **FACTOR IN COMPANY GROWTH**

- Every entrepreneur should launch his or her startup with sustainability in mind.
 - need to prepare for steady growth.
- Many companies underestimate what it takes to run a full-scale company
 - organizing payroll to building multiple locations.
 - Build your company with the goal of making society, the environment, and economics work for you far into the future.
- Embracing change
 - If you resist changes in society, your consumers are bound to leave you.
 - diverse and flexible, changing with the times and adapting to new trends and technologies.
 - capabilities to remain ahead of competition as a leader in your industry – no matter what the future brings.
- Creating an environmentally sustainable
 - solid sustainability plan, or at least make an effort to stay environmentally friendly.
 - If your startup offers a product, consider using recycled or recyclable materials.
 - If you offer a service, show that your company stands for green living.

Essential Groundwork to Launch a Startup

- **BEWARE OF COMMON CHALLENGES**
- Multiple challenges - No matter how prepared
 - Coping with the stress of long hours especially affect entrepreneurs with families.
 - Networking difficulties may occur for those with a smaller reach.
 - Unpredictable cash flow can happen to any startup
 - Lack of budget.

Essential Groundwork to Launch a Startup

- **Possible Solutions**
- Optimize content for your target audience, include strong calls to actions with links back to you
- social media marketing. Will boost brand awareness and establish a name.
- Find proper investors - lack of experience led to spending more than you make back.
- Handle money correctly, even you have enough money
- Hiring a very few right people in the beginning of your startup.
- Come up with a backup plan if a client doesn't pay might mean your business goes under.
- Make your budget last with smart financial planning, and don't be too proud to ask for expert help.

Financing startup



Financing startup



- Where your company will be financially, not just what you'll provide.
 - Startups rely on the financial support that makes them.
 - If you don't plan ahead enough, you could hit zero before your product or service even makes it into public hands.
 - Need a solid financial planning
 - Once you get over the initial hump, it is possible to seek out funding sources available to more advanced startups.
 - Investment building
 - Precise bookkeeping.

https://www.youtube.com/watch?v=2PU9F4CeKqI&list=PLkplm4nc4fY_ss38UyFUyi6omNnMS7s8h



Financing startup



When exploring your funding options, there are several factors to consider:

- Are your needs short-term or long-term? How quickly will you be able to pay back the loan or provide a return on their investment?
- Is the money for operating expenses or for capital expenditures that will become assets?
- Do you need all the money now or in smaller pieces over several months?
- Are you willing to assume all the risk if your company doesn't succeed, or do you want someone to share the risk?

Financing startup



- There are tried-and-true ways to gain financial momentum
 - seeking a small business bank loan or line of credit.
 - However, the bank may require you put up significant collateral with your existing assets. You'll also be subject to interest fees and debt repayment plans.
 - negotiating an advance from a partner or future customer,
 - requesting a small business grant from the government,
 - trying your hand at crowdfunding.
 - asking your parents and family members for financial support.
 - Find an angel investor is a (typically) high net-worth individual with private money to invest in a company in anticipation of an exit (or equity event) in the future.
 - Most angel investors are interested in the next generation of ideas and are willing to fund startup ideas they believe in.

Preparation of a Business Plan



<https://www.youtube.com/watch?v=tEK9MiYAuWQ>



Preparation of a Business Plan



- A Business Plan is a blueprint of the step by step procedure that would be followed in order to convert a business idea into a successful business venture.
- It involves the following tasks –
 - Identifying business opportunities and an innovative idea
 - Researching the external environment for opportunities and threats
 - Identifying internal strengths and weaknesses
 - Assessing the feasibility of that idea and
 - Allocating resources in the best possible manner

Preparation of a Business Plan

- **BUSINESS PLAN GUIDE**
- Before Writing Your Plan
 - How Long Should Your Plan Be?
 - When Should You Write It?
 - Who Needs A Business Plan?
 - Why Should You Write A Business Plan?
 - Determine Your Goals and Objectives
 - Outline Your Financing Needs
 - Plan What You'll Do With Your Plan
 - Don't Forget About Marketing



Preparation of a Business Plan

- **BUSINESS PLAN GUIDE**
- Writing Your Business Plan
 - How To Write A Business Plan
 - The Ingredients of a Marketing Plan
 - Updating Your Business Plan
 - Enhancing Your Business Plan
- Business Plan Tools
 - Business Plan Software
 - Books and How-to Manuals
 - Business Plan Templates
 - Sample Business Plans



Preparation of a Business Plan

Seven essential sections of a business plan:

1. Executive Summary

- Within the overall outline of the business plan, the executive summary will follow the title page.
- The summary should tell the reader what you want.
- Clearly state what you're asking for in the summary.

2. Business Description

- usually begins with a short description of the industry.
- Describing present outlook as well as future possibilities of the industry,
- Information on all the various markets within the industry, including any new products or developments that will benefit or adversely affect your business.

Preparation of a Business Plan

3. Market Strategies

- Market strategies are the result of a meticulous market analysis.
- A market analysis forces the entrepreneur to become familiar with all aspects of the market so that the target market can be defined and the company can be positioned in order to garner its share of sales.

4. Competitive Analysis

- The purpose of the competitive analysis is to determine the strengths and weaknesses of the competitors within your market, strategies that will provide you with a distinct advantage, the barriers that can be developed in order to prevent competition from entering your market, and any weaknesses that can be exploited within the product development cycle.

5. Design & Development Plan

- The purpose of the design and development plan section is to provide investors with a description of the product's design, chart its development within the context of production, marketing and the company itself, and create a development budget that will enable the company to reach its goals

Preparation of a Business Plan

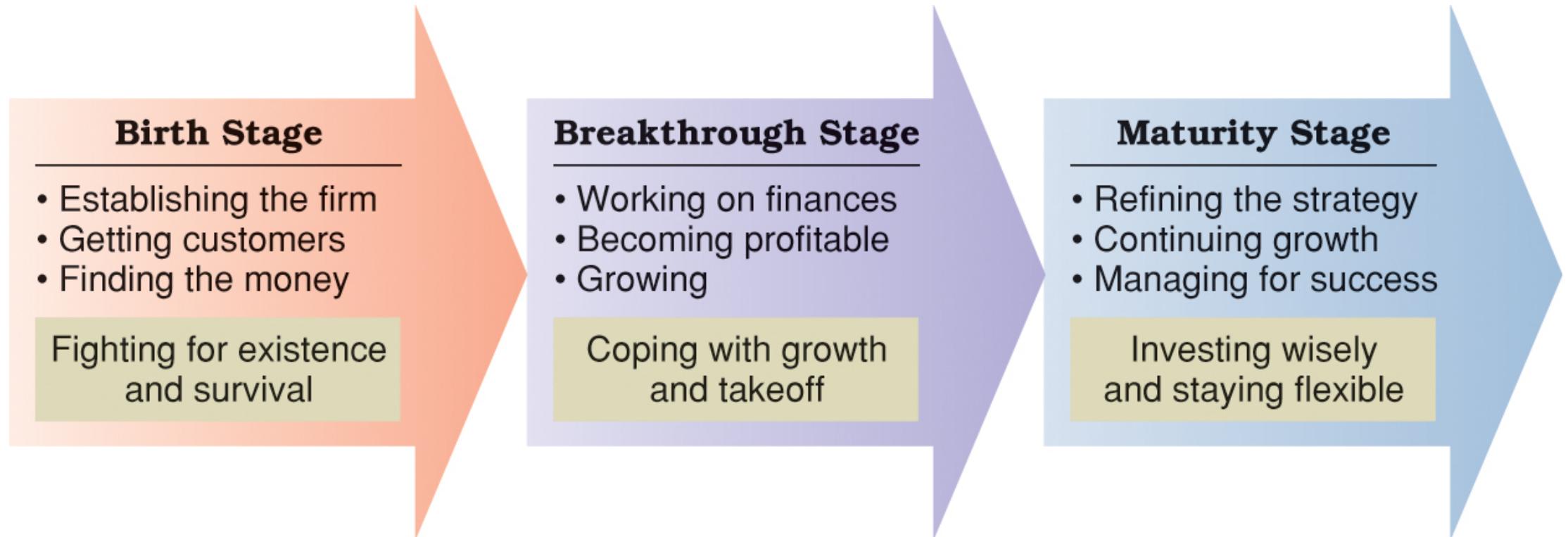
6. Operations & Management Plan

- The operations and management plan is designed to describe just how the business functions on a continuing basis. The operations plan will highlight the logistics of the organization such as the various responsibilities of the management team, the tasks assigned to each division within the company, and capital and expense requirements related to the operations of the business.

7. Financial Factors

- Financial data is always at the back of the business plan, but that doesn't mean it's any less important than up-front material such as the business concept and the management team.

Stages in the Life Cycle of an Entrepreneurial Firm



Entrepreneurship: Growth Pressures

- Entrepreneurs often find that as their business grows, they feel more pressure to use formal methods to lead their organizations.
- Although this formalization process may compromise some entrepreneurs spirit, it often leads to more focus, organization, and greater financial returns.
- Basically, it's a movement from a “seat-of-the-pants” operation to a more structured, legitimate and recognizable business.

Entrepreneurship: Growth Pressures

- Entrepreneurial and Formal Organizations differ in six business dimensions:
 - Strategic orientation
 - Commitment to opportunity
 - Commitment to resources
 - Control of resources
 - Management structure
 - Compensation policy

Entrepreneurship: Growth Pressures

Business Dimension	Entrepreneurial Organization	Formal Organization
Strategic orientation	Seeks opportunity	Controls resources
Commitment to opportunity	Revolutionary Short duration	Evolutionary Long duration
Commitment to resources (capital, people, and equipment)	Lack of stable needs and resource bases	Systematic planning systems
Control of resources	Lack of commitment to permanent ventures	Power, status, financial rewards for maintaining status quo
Management Structure	Flat Many informal networks	Clearly defined authority and responsibility
Compensation policy	Unlimited; based on team's accomplishments	Short-term driven; limited by investors

Entrepreneurship: Growth Pressures

Going Global....

From domestic to worldwide expansion, globalization can be extremely rewarding for entrepreneurs.

THINK: Money and Business Exposure

However, it is a huge undertaking. Adapting your business to operate in the global market can lead to a decrease in ownership, and a forced focus on raising money to keep your business alive.

THINK: Selling out, Private to Public (Initial Public Offering, IPO)

Entrepreneurship: Managing a Family Business

Why not dream up a plan and go into business with your family or friends?



Entrepreneurship: Managing a Family Business

Two reasons not to go into business with your family or friends....

Families fight
Friends fight.

Often, it involves money. So a business environment could potentially breed arguments, disagreements, and feuds.

Fighting can occur during early developmental stages when hours are long and pay is low. Or, after success has been achieved.

Entrepreneurship: Managing a Family Business

Six steps to help lead you to a successful Family Business:

- Clear job responsibilities
- Clear hiring criteria
- Clear plan for management transition
- Agreement on whether and when to sell business
- Commitment to resolving conflicts quickly
- Outside advisors are used to mediate conflicts.

Clarity is key.... but NO GUARANTEE.

Entrepreneurship: Managing a Family Business

Operational vs. Survival Issues....

Operational = Decisions about the economics of the business and how to balance that with rational and family obligation criteria.

THINK: Day-to-day grind.

Survival = Develop out of a lack of attention on the operational issues within the business.

THINK: Festering problems; ultimately compromise livelihood.

Anyone Started Like Me?

- *Sanjiva Weerawarana* – Founder, CEO of *WSO2*
- *Dulith Herath* – CEO of *Kapruka*
- Tony Weerasinghe – CEO of *MilleniumIT (MIT)*
- *Dinesh Saparamadu* – CEO of *hSenid*
- Kris Canekeratne – CEO of *Virtusa*

And many more...

But, You are the NEXT...!!!

Addition to Portfolio

- Think and develop your business plan to be an entrepreneur.

Thank You.