

KCA 104/ BAC 1306/ BCT 1203/ BSD 1303
ENTREPRENEURSHIP

BUSINESS START UP



Procedure in setting up a business

1. Identify and evaluate business opportunities – must be attractive and with potential for growth
2. Prepare a business plan – a tool that defines the direction of the business
3. Identify resource requirements – capital and human resources
4. Implement the business plan. An entrepreneur can consider a plan for;
 - i. A new start up
 - ii. A Franchise
 - iii. Acquisition of an existing business

Qualities of a good business opportunity

1. Legality – A good business opportunity should be capable of operating within the frame work of law
2. Growth – A good business opportunity should show dynamism by having growth potential to guarantee business increase in terms of customer base, operations, market share and eventually profitability
3. Uniqueness – It should stand out in the industry so as to capture the attention of the potential market



Qualities of a good business opportunity

- 4. Marketability – A good business idea should appeal to the market
- 5. Financial feasibility – It should be within the economic means of the owner
- 6. Social acceptability – It should not only be acceptable legally but also should satisfy the expectations of the society.

Reasons why Start-ups fail

1. Financial limitation – This could be due to under-utilization of resources, poor allocation of financial resources to business activities, poor management of operating capital, low profit margins etc
2. Limited knowledge of production and Technology – Lack of technical skills by staff, lack of access to technical information, use of labour intensive technology, lack of money to acquire appropriate technology

Reasons why Start-ups fail

3. Unsupportive policies and regulations – Most policies and regulations set up by the government do not favour business start-ups e.g. complaints about the tedious process / requirements when registering a business
4. Weak entrepreneurial and management skills
5. Inaccessibility to markets – caused by stiff competition, limited resources for supporting market penetration, lack of exposure to information on new products and market opportunities

Reasons why Start-ups fail

6. Inaccessibility to useful business information – Lack of general information regarding key aspects such as sources of financing, technology, markets, grants, government incentives, micro-finance operations and other strategies that promote small scale enterprises.