

# Entrepreneurship (Finals) - Jaish Khan

## 1. Entrepreneurship

The process of identifying, evaluating, and seizing opportunities to create and manage a new venture, often involving innovation, risk-taking, and resourcefulness. It combines creativity and strategic planning to pursue economic wealth, personal fulfillment, or social impact, regardless of currently controlled resources.

It is *Process-Oriented*, has *Risk* and *Reward*, is an *Art* and a *Science* and involves both the *Attitude* as well as the *Action*.

### ① Role of Entrepreneurship in Society

- **Economic Impact** → Startups generate many jobs, with small firms creating over 80% of new U.S. jobs (1969–1986). It raises income, improves quality of life, boosts wealth, diversifies economies, and expands tax revenue for public services.
- **Innovation** → Introduces new products, services, and processes, replacing outdated systems and creating new markets.
- **Social Benefits**
  - For Individuals, it enables autonomy, skill growth, and personal fulfillment.
  - For Families, it can improve financial security and inspires entrepreneurial mindsets.
  - For Communities, it supports local economies through investment and jobs, especially in underserved areas.

### ② Who is an Entrepreneur?

The person who identifies, pursues, and capitalizes on opportunities to create and manage a new venture, assuming its risks and rewards. They organize resources, innovate, and drive change, often with a mindset geared toward action, creativity, and resilience.

- **Types of Entrepreneurs** → Opportunistic, Necessity, Small Business, Scalable Startup, Large Company/Intrapreneur, Innovative, Imitative, Social, Buyer, Hustler, Researcher

## Types of Entrepreneurships

1. Small Business Entrepreneurship
2. Scalable Startup Entrepreneurship
3. Social Entrepreneurship
4. Corporate Entrepreneurship (Intrapreneurship)
5. Green Entrepreneurship

### Characteristics of an Entrepreneur

- **Innovator** - Introduces new ideas, products, or processes.
- **Organizer** - Combines land, labor, and capital for production.
- **Risk Taker** - Bears financial, reputational, and operational risks.
- **Decision Maker** - Sets business direction through strategic policy decisions.
- **Opportunity Seeker** - Identifies, evaluates, and seizes market opportunities.

An entrepreneur is also motivated, self-confident and resilient with a clear vision of goals.

### Why do people become Entrepreneurs?

Entrepreneurship is driven by diverse motivations, shaping the goals, venture type, and success metrics in new venture creation. These reasons fall into three main categories:

- **Personal and Psychological Drives** (Independence, Fulfillment, Career Shift, Financial Gain)
- **Opportunity and Impact** (Seizing Opportunities, Solving Problems, Social Impact)
- **Necessity and External Factors** (Lack of Options, Environmental Changes, Accidental Discovery)

### What is an Enterprise?

A business organization/firm created by an Entrepreneur is called an Enterprise.

- The main goal of any enterprise is to make profit.
- They strive to provide good products or services to satisfy their customer requirements.
- It does require a solid financial backhold.

## 1.1. The Entrepreneurial Process

It is a systematic, iterative sequence of steps to create, develop, and manage a new venture, overcoming resistance to innovation. It consists of 4 phases:

1. **Opportunity Identification and Evaluation** → The foundation of entrepreneurship, focusing on recognizing and assessing viable opportunities. It distinguishes a mere idea from a market-driven, value-creating opportunity.
  - Identify opportunities by staying alert to market needs or consumer feedback.
  - Evaluate opportunities based on durability, value, risks, returns, personal fit, and competitive uniqueness.
  - Create an **Opportunity Assessment Plan** to validate the opportunity before planning.
2. **Development of Business Plan** → Crafting a detailed plan to exploit the validated opportunity. It is essential for resource acquisition and guiding venture management. However, it is time-consuming, especially for inexperienced entrepreneurs with limited resources.
  - Create a proper business plan with products/services, market analysis, strategy, management, marketing, HR, and multi-year financial projections.
3. **Determination of Required Resources** → Securing the resources needed to launch and sustain the venture. It ensures timely resource availability to execute the business plan.
  - Assess current resources and distinguish critical from helpful ones.
  - Acquire resources (e.g., capital, human resources) while minimizing loss of ownership.
  - Identify alternative resource suppliers, potentially relinquishing some control for growth funding.
4. **Management of the Resulting Enterprise** → Implementing the plan and managing the venture for growth and success. It drives the venture toward sustainability and success but some entrepreneurs do struggle with managing growth despite successful startup.
  - Execute the business plan using acquired resources.
  - Establish a management style, structure, and control system to address operational challenges.
  - Identify key success variables and resolve issues quickly.

### **Business Opportunity**

A market-driven situation with potential demand, addressing a specific need through a new product, service, or business.

- **Essential Qualities** → Attractive, Timely, Durable and Value-Adding.

## 🔗 Theoretical Perspectives

### 1. Discovery (Kirznerian)

- Opportunities exist externally due to market imbalances.
- An alert entrepreneur identifies and exploits existing opportunities, seeking equilibrium.

### 2. Creation (Schumpeterian)

- Opportunities are created through innovation.
- Innovator introduces new products/methods, disrupting markets.

## 🔒 Intellectual Property

Protecting intellectual property is crucial for entrepreneurs, as it prevents others from copying innovations and gives the business a competitive advantage.

1. **Patents** --- A government-given right that protects unique processes.
2. **Trade Secrets** --- knowledge that is kept secret for the purpose of gaining a business advantage over competitors like Coca Cola's formula.
3. **Trademarks** --- Protects any word, symbol, or combination used on goods.
4. **Copyright** --- Covers literary and artistic works, film, photographs, and software.

## 2. Business Plan

An important document in the entrepreneurial process, usually made after an opportunity has been identified and evaluated. It is a time-consuming phase that is essential for exploiting the defined opportunity, determining and obtaining the required resources, and successfully managing the resulting venture.

A typical Business Plan includes these major headings:

1. **Table of Content (TOC)**
2. **Project Team Members and Leads**
3. **Executive Summary** → Covers the problem being solved, benefits of the solution and who will benefit, how the problem will be solved, end results and a 1-paragraph summary at the end.
4. **Business Case** → Describes the current status of affairs and challenges.
5. **Minimum Viable Product (MVP)** → Describes the features of the minimum viable solution or product that addresses the problem. A product with enough features to attract early-adopter customers and validate a product idea early in the product development cycle.

## 6. Detailed Solution Description

## 7. Financial Analysis → Provides detailed financial information, including:

1. **Capital Investment Needs (CAPEX)** --- Major, long-term expenses
2. **Operating Expenses (OPEX)** --- Day-to-day expenses
3. **Total Cost of Ownership** --- Sum of purchase price plus operating costs for the asset's lifetime
4. **Margin Analysis** --- Examination of additional benefits vs. costs.
5. **Cash Flows** --- The total amount of money transferred into and out of a business.
6. **Sunk Cost** --- A cost that has already been incurred and cannot be recovered.
7. **Return on Investment (ROI)** --- A performance measure evaluating the efficiency or profitability of an investment.
8. **Time to Profitability** --- An estimate of how long it will be until the business starts making a profit on sales.

## 8. Marketing and Sales Plan → Covers the target market, marketing methods (word of mouth, social media, advertisement), marketing budget, sales strategy, and product costing structure/packages (if subscription-based).

## 9. Strategic Product Roadmap → Describes the long-term solution or product strategy for the next 3–5 years. This includes plans for fundraising and product/solution feature development.

## 10. Implementation Timeline

## 11. Risk Factors → What could go wrong and how you would take care of it.

## 12. Conclusion and Recommendation

## 13. Appendix - Market Research

## 14. Appendix - Business Structure

### Business Plan Flow Chart

A much simpler flow chart approach to a business plan, includes:

1. Team Name.
2. Logo.
3. Company Personnel.
4. Products (and choosing one specific product).
5. Fixed Costs and Recurring costs.
6. Marketing/Customer Convincing (how to convince customers that the product/service is important for their health development).
7. Market.
8. Marketing approach (how the product will be marketed).

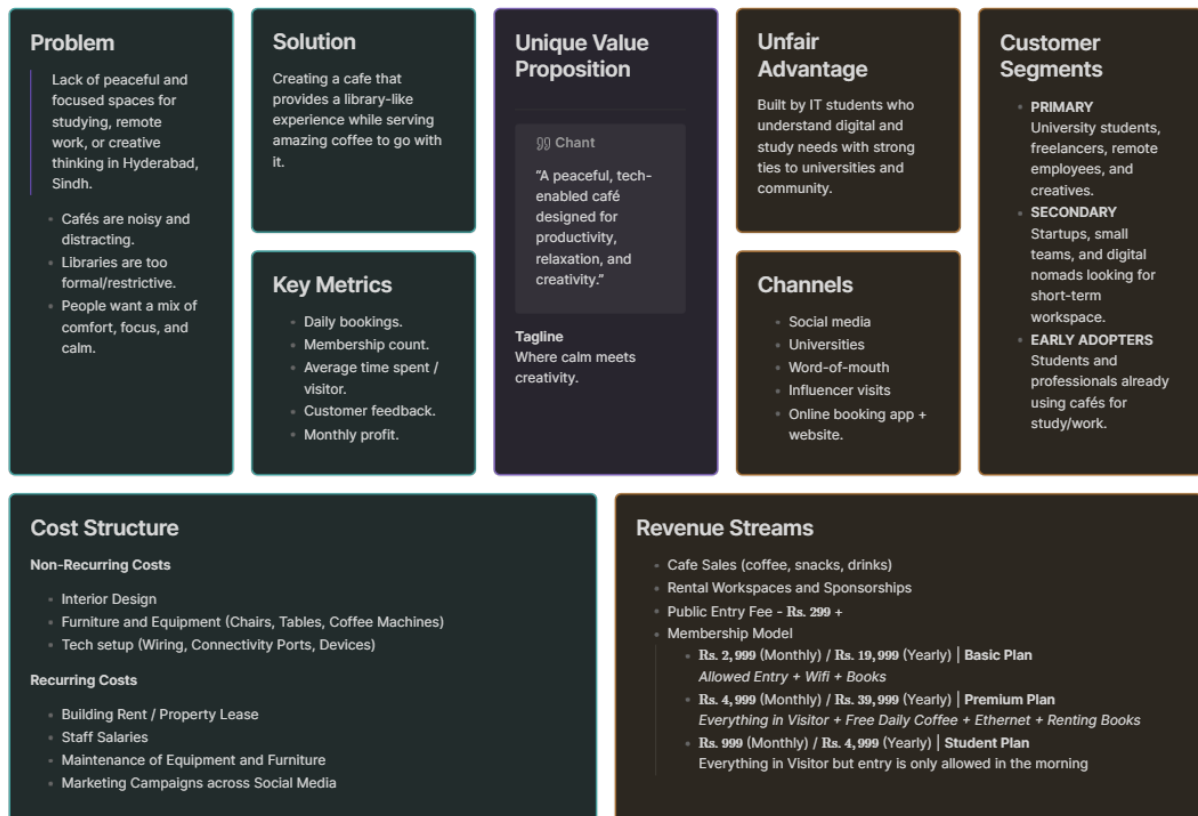
## 3. Lean Canvas

A strategic tool designed for startup founders to mitigate the risk and uncertainty associated with the inception of a product. It serves as a method to help verify a product idea *before* investing a lot of time and effort into shaping a comprehensive business plan.

### 3.1. Components

1. **Problem** → The top three problems that your product is meant to solve for the customer. Also your closest competitors that are already solving the specified problems.
2. **Solution** → Your top three features. It should explain the experience the customers are meant to have.
3. **Customer Segments** → Your target customers. It is important to know your customer segment as accurately as possible.
4. **Unique Value Proposition (UVP) / Unique Selling Point (USP)** → A single, clear message that says why your product is different and worth paying attention to. You must describe the uniqueness of your product and show its main difference from alternatives.
5. **Channels** → The communication channels used to reach out to your target audience.
6. **Key Metrics** → The key metrics that you measure to define the success/progress of the business.
7. **Revenue Streams** → The ways your product will generate revenue from each customer segment. This includes the **revenue model**, **life time value (LTV)**, **total revenue**, and **gross margin**.
8. **Cost Structure** → The costs associated with running the business. Includes Customer Acquisition costs, Distribution costs, Hosting, and People, among others. List both fixed and variable costs.
9. **Unfair Advantage** → The special thing about your idea that your competitors are not able to copy or obtain in any possible way.

### My Lean Canvas: HomeBrew Cafe



## 4. Johari Window Model

An assessment tool used to explore an individual's self-awareness and how they perceive, and are perceived by, others. It has 4 cells (or quadrants) based on whether information about a person is known or unknown to themselves and others. This includes strengths and weaknesses.

	Known to Self	Unknown to Self
Known to Others	Open Information	Blind Spot
Unknown to Others	Hidden / Facade	Unknown Area

- Known to Self and Known to Others** --- "I know about myself and others know".
- Known to Self and Unknown to Others** --- "I know about myself but others don't know".
- Unknown to Self and Known to Others** --- "I don't know about myself but others seem to know"\*\*.
- Unknown to Self and Unknown to Others** --- "neither I nor others know about me"\*\*.

## 5. Emotional Intelligence

An important quality for effective leadership and successful teamwork, especially within a startup environment. It has key competencies that separate truly effective leaders.

There are 5 core competencies:

1. **Self-awareness** → The ability to recognize what you are feeling and understand your emotional responses to things. It allows a person to see how their emotions affect their behavior and performance. When you are self-aware, you see yourself as others see you and have a good sense of your abilities and current limitations.
2. **Managing Emotions** → The ability to stay focused and think clearly, even when having powerful emotions. Being able to manage your emotional state is essential for taking responsibility for your actions and can prevent decisions that you might later regret.
3. **Motivating Oneself** → The ability to use your deepest emotions to move and guide you toward your goals. It enables a person to take initiative and persevere when facing obstacles and setbacks.
4. **Empathy** → The ability to sense, understand, and respond to what other people are feeling. Self-awareness is required for empathy, as without it, you will not be able to read the emotions of others.
5. **Social Skill** → The ability to manage, influence, and inspire emotions in others. Also, the ability to handle emotions in relationships and to influence others are important skills for leadership and teamwork.

### **Assessing Emotional Intelligence**

A self-assessment questionnaire can be used to evaluate an individual's emotional competency by scoring statements based on how often they apply (1 = Does not apply at all; 3 = Applies about half the time; 5 = Always applies). The statements are grouped to measure performance in the five competency areas (Self-awareness, Managing emotions, Motivating oneself, Empathy, Social Skill).

The results of the assessment are interpreted using scoring ranges:

- **35–50:** This area is a strength.
- **18–34:** Giving attention to where the person feels weakest.
- **10–17:** This area should be made a development priority.

## **6. Building the Startup Team**

It is important for success, as a startup's effectiveness depends largely on its team. The strength of the team can enable an idea to be turned into a scalable



business, and a strong team can pivot and adapt when challenges arise. Success is driven not by individual brilliance but by **collective execution**.

## 6.1. Characteristics of a Good Entrepreneurial Team

1. **Shared Vision and Commitment** → The team must have a shared vision and commitment to the startup's mission.
2. **Complementary Skill Sets** → Successful teams possess complementary skill sets, mixing technical, business, marketing, operations, and creative minds.
3. **Trust, Respect, and Communication** → Mutual trust and respect, along with strong communication, are fundamental qualities.
4. **Adaptability and Learning Mindset** → The team needs adaptability to change, resilience, and an openness to learning.

## 6.2. Key Roles in a Startup Team

- **Founder** --- Defines the purpose and direction of the startup.
- **Tech Lead** --- Builds the product or service; translates the vision into reality.
- **Business Strategist** --- Manages finances and market strategy, keeping finances sustainable.
- **Marketing Sales Lead** --- Handles outreach, branding, customer relations, and connects the product with customers.
- **Operations Manager** --- Ensures execution and delivery, making sure things get done.

### Strategies for building the right team

- **Hiring Strategy** --- Hire for attitude and passion, not just skills. It is important to avoid hiring "clones" and instead, encourage diversity in thought and background, as **diversity drives innovation**.
- **Defining Structure** --- Define clear roles and responsibilities to avoid overlapping roles.
- **Incentives** --- Align incentives with company goals.
- **Address Skill Gaps** --- If an entrepreneur lacks a specific quality or skill, they can employ someone who has that necessary skill.

### Challenges when building a team

Startups face common challenges related to team interaction and workload, which require proactive management:

- **Conflict Resolution** --- Conflicts should be resolved through clear communication and empathy. Ignoring conflicts is listed as a common

mistake to avoid.

- **Managing Stress** --- Managing stress and burnout through work-life balance is necessary.
- **Motivation** --- Maintaining motivation during uncertainty is a challenge that must be addressed.
- **Reflection** --- Regular reflection and team-building exercises are beneficial.

## 7. Pitching an Impressive Idea

A pitch is the presentation of your idea intended to convince others of its value. An effective pitch must clearly highlight the problem, the solution, and the benefits.

- **Understand the Pitch** → It is a brief presentation focused on persuading an audience (like investors, judges, or mentors) of the potential of your idea.
- **Define the Problem** → The pitch must start by clearly identifying the real-world problem that your idea addresses.
- **Present the Solution** → Explain how your idea offers a unique, innovative and effective solution to the defined problem.
- **Know Your Audience** → Understand who you are speaking to—whether they are investors, judges, or mentors. You must tailor your message, tone, and data to that specific audience.
- **Show Market Potential** → Show evidence that there is demand for your idea. This should include information about the target audience, the market size, and the potential for scalability.
- **Explain Your Business Model** → Explain how your idea will generate revenue or sustain itself. It is helpful to use simple visuals to illustrate components like pricing models or revenue streams.
- **Show the Team** → Highlight the skills, expertise, and roles of each team member.
- **Prototype or Proof of Concept** → To build credibility, show practical implementation through a prototype or demo project.
- **Storytelling and Design** → Use storytelling to connect emotionally with your audience as engaging with your audience is key.
- **The Perfect Pitch Delivery** → The delivery must be practiced and professional: Practice your timing, body language, and tone and Be confident, passionate, and open to questions.
- **End with a Strong CTA** → Conclude by summarizing the value of your idea. Clearly invite the audience to take the next step, such as collaboration, funding, or partnership.

## 8. Random Short Stuff

1. **Marketing Strategies** → methods to attract and retain customers.
  - **Freemium Model** --- Basic free services + paid upgrades.
  - **Social Media Marketing** --- Ads and engagement on Facebook, Insta, LinkedIn.
  - **Customer Engagement** --- Feedback, reviews, loyalty programs.
  - **Partnerships** --- Collaborate with companies to expand reach.
  - **Localized Features** --- Features for specific regions or languages.
2. **Market Survey** → method of collecting information about customers, competitors, and market needs. Questionnaires & Interviews, Observation, Online Survey Tools (Google Forms) or Focus Groups.
3. **Venture Capitalist (VC)** → An investor who funds startups **in exchange for equity**.
4. **Incubation Centers** → Support centers which help startups grow. They provide services like Office space, Mentorship, Training, Funding access and Networking. Example is **NICs in Pakistan**.
5. **SWOT Analysis (Strengths, Weaknesses, Opportunities, Threats)** → Used for strategic planning.
6. **Leadership Styles**
  - **Autocratic** – Leader makes decisions
  - **Democratic** – Team involvement
  - **Transformational** – Inspires innovation
  - **Transactional** – Rewards and structure
7. **Minimum Viable Product (MVP)** → A basic version of a product used to **test the market** quickly.
8. **Elevator Pitch** → A 30–60 second business idea summary and includes Problem, Solution, Target market and Call to action.
9. **Crowdfunding** → Raising funds from many people online. Platforms like Kickstarter.
10. **Customer Retention Strategies** → Loyalty programs, Feedback systems and Personalized offers.
11. **Financing Options**
  - Loans
  - VC funding
  - Bootstrapping
  - Supplier credit
  - Short-term bank loans