entreprenearship

Thursday
12 Sept '24

- Entreprenaurship is the process of generating new idea, checking its feasibility in the market and ensuring its execution
- Entreprenaureship is the process of converting new idea into a business whereas within the entreprenevrship an idea must serve the society as whole

- Intrapreneurship is the process of creating an idea specifically for any organization or business or company

- your idea must solve any specific problem
- an idea must avail any opportunity
- an idea must fill any gap in the market (if any product is existing find the gap in it and what it lacks, if the preference of the audience is being addressed in that product or not? to identify the gap you have to be customer focused)

- Market gap - mixture of problem from gap + opportunity

- Silicon Valley → pitch your idea and get investors.
- Rawalpindi Women Chamber of Commerce
  ↳ give your idea.
- Shark Tank.
- concept of entrepreneurship emerged from Silicon Valley California

example of Nayatel
- not a new idea but difference was efficiency by fiber cable

- every resource is limited
- Entrepreneurship is the process by which individuals pursue opportunities without regard to resources they currently control

Explaination of What Entrepreneurs Do?

* Entrepreneurs assemble and then intregrate all the resources needed – the money (capital), the people (human capital, KSAOs (knowledge, Skills, Abilities, other Capabilities = behavioral)), the business model, the strategy — needed to transform an invention or an idea into a viable business.

mental capacity etc

business model – companies mission statement
not vision (reasons of existence)

mission - present state
vision - future goal
business model - product line

Plans - (step wise Process)
We need Strategy to implement a plan.
Strategy - how each step is executed.
efficiency (max output, min input)

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ENTREPRENEURSHIP

Why become an Entrepreneur
1- Desire to be the boss 2- pursue ideas 3- financial reward

Three business Models Available in Pakistan
1- Corporation or Joint Stock Company
- a joint stock company is a company operated by shareholders and board of directors and is operated under companies ordinance 1984 (a mandate in 2017)
- there is no maximum or minimum no of Shareholders

2- Partnership
- a partnership business is operated by partners and is operated under partnership act 1932.
- minimum no of partners is two and there is no limit for maximum but ideally 2-12.

3- Sole Proprietership
- a sole propeirtorship is a business that is operated by a single owner.

high priority → sole proprietorship
avg → partnership

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Entrepreneurial Firms
- that comes up with new products and services
- they can later on become partnership and corporations.

ORGANIZATIONAL STRUCTURES
① Decentralized
- a decentralized structure is a structure where decision making is authorized on three levels (top management, middle management, lower management)
→ employee and managerial involvement

② Centralized
- a centralized structure is a structure where decision making is only made at the top management

→ employee has a right to say

→ when a new idea is introduced, the factory is made and in starting it is called entrepreneurial firms and later on with its succession it turns into partnership or

corporations. If you add partnership at any point in your business you cannot go for sole proprietorship.
If you are sole proprietorship or partnership then you don't have to obey companies ordinance 1984 but you have to incorporation

→ In Pakistan there is mostly centralized structure.
→ entrepreneural firms don't work with centralized structures. they ALWAYS work with DECENTRALIZED structures because
  → desire to be their own boss
  → desire to pursue their own ideas
  → financial rewards
  → people can give feedback
→ entrepreneural firms use this to make employees free to share ideas, be their own boss and involve them in decision making.

■ SHRIMBURJER MODEL/ORGANIZATION

Conservative Firms (Mostly/Myth)
- care too much about capital so they are not risk takers
- not gamblers.

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Myth → entrepreneurial firms are gamblers
Myth → entrepreneurs are born or made entrepreneurs (no conclusion)
Myth → entrepreneurs should be young and energetic

Three types of entrepreneurial / startup firms

① Salary Substitute firms.
every owner has a fixed amount of salary

② lifestyle firms.
- owners pursue a particular lifestyle.
- making hobby a business

③ entrepreneurial firms.
- new services / products

Startup firms → do something new for the company, can be an idea / innovation.

entrepreneurial firms will later on become corporations as they are expanding.

large no. 300-500
medium 100-250
small 0-100

Chamber of Commerce in Multiple Cities.

Glass cieling → not giving women's the top positions to woman

Economic Impact of Entrepreneurial Firms
1- Innovation
2- Job Creation
- unemployment rate decreases, economy improves
- we are not left with a single International bank
- weakest passport - PAK on third no.
- finland happiness Index ↑ (Why)
- labor laws of Pakistan

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EPS - Chapter 2.

Opportunity is a very generatic word

Opportunity - defination → opportunity refers to a situation or a set of circumstances that creates or develop new products and services and that provides an entrepreneur a chance to create a value through new products, services and innovation.

Opportunities are of different types

① Recognized opportunity
these are the opportunities identified by observing existing market and industries, entrepreneurs identify demand for the existing product that may have room ~~for other~~ for improvement or differentiation.

② Discovered Opportunities
these are the opportunities entrepreneurs identify to meet unmet or underserved needs that others have not yet noticed.

③ Created Opportunities,
these involves entrepreneurs creating demand for product that doesn't exist before. they make something entirely new or disrupt the existing market.

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(4) Incremental Opportunities
These are the small opportunities that allows entrepreneurs to make small innovation or change into the existing products and services

(5) Imitative Opportunities
These are the opportunities that allow entrepreneurs to copy or adapt existing business model into the new geographical location. These opportunities normally goes with contextual gap. This entrepreneurship is widely discouraged.

contextual - ~~New ideas~~ based on already existing idea

/theoratical - new idea
conceptual

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What is an opportunity?

- Discouraged Type of Entrepreneurship – bringing an idea from abroad to your own country.
- contextual and theoratical gap
  - contextual gap – scraped from context
  - contextual & theoratical gap – this goes with creating opportunity, recognized opportunity, discovered opportunity.
  - contextual gap – imnitative opportunity, because it is using existing model.

3 Ways to Identify an Opportunity
1. Observe trends
2. Identify problem
3. find gaps in the market place

1- Observe trends
- pattern in fashion, followed by people
- tangible – seen or touch → Products
- intangible – felt → services
- e.g when a twitter post is shared
- the thing many people are talking about – make it a trend.

- trends are dynamic, as tech is changing rapidly, marketing is the same.
- trends are changing rapidly
- trends effect our liveness, our preferences.
- make a hectic job for marketers.

2- Solving a Problem
- to solve a problem, we should identify the problem.
- Observing trends can lead to identification of the problem.

→ followed within market.
. Theoretical / contextual gap — when you bring a new idea,
incremental opportunity — e.g. ~~Grab~~ uber vs indrive gap / difference.

1- Observing trends.
- ~~PESTEL~~ P.E.S.T.E.L *
Political, Environmental, Social, Technological, economical, legal
→ External Environmental Scanning EES
- PESTEL has direct / indirect impact on businesses.

- Internal factors (employees, resources, skills) →
- external factors ~~[illegible]~~ → make a business successful

- PESTEL / EES → OT (opportunity / threats) product
  IES → SW (Strength, Weakness)
  (Internal Environment Scanning)

- SWOT Analysis

- IES is ^ supported by RBV (Resource Based View) manualically.
- Resource based view is a theory or model that mentions that internal resources are more important to establish any business and to gain and sustain <u>competitive advantage</u>.
- IES (Internal Environment Scanning) is the process to perform internal audit. This helps businesses to extract relevant <u>strengths</u> and <u>weaknesses</u>.
- RBV → internal resources have their own strength, focus on internal resources to gain competitive advantage.

- EES is theoratically supported by MBV (Market Based View)
- Market based view is the theory or model that mentions external variables are more important to establish in business or to gain or sustain competitive advantage.
- external environment scanning helps businesses to extract relevant opportunities and threats

- SWOT is more compatible with IES
- Make it TOWS to be more compatible with EES.
- SWAT & TOWS have a different approach.
- entrepreneurship adopted TOWS instead of SWAT
- SWAT focuses on seeing your strengths and weaknesses. Based on using your strengths and avoiding weaknesses, discover/avail market opportunities and avoid threats
- TOWS says to identify threats and opportunities and establish your strengths and weaknesses based on that.

- e.g. SWOT – 5 opportunities but your strength/weakness allows you to avail only 2 opportunities - limited (poor approach, not captures competitive advantage.

- TOWS – 5 opportunities exist – to avail all opportunities, build strengths based on that, no room left for the competitor in the market. So gets the competitive advantage.

- ideally MBV is more good in comparison to RBV.

- External forces are
  - Economical
  - Social
  - Political
  - Military.

  → Business/Product/Service (what is available / what is possible) → New Business.

economical – stakeholder having an impact on the economy.
customer – having a direct impact on business.
Social – values / culture – social acceptance situation in the region.

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- social acceptance can't be seen in broader term as it varies from generation to generation.

↓

decide target market

↓

make segments

↓

make niche (subset of segments)

customers (millenials, genz)
consumer (gen alpha)

- Political changes - effect on business
  - policies not in our favor so

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Structural Approach and Framework to Identify the Opportunity

1- Understanding Market Opportunities / Identifiging Market Opportunities
- understanding market needs and demands

2- Looking for the gaps in the market
- identifiying the customer's pain points and what is missing in the existing products and services

3- Analyze Trends / Market Trends
- stay updated on industry developments
- observe emerging technologies and consumer behaviour

4- target specific audience
- narrow down a niche market
- understand the demographic preferences and behaviours of your potential customers

5- * Evaluate Competition (imp point)
- identify competitors and their offerings and also identify where they fall short.

6- Actually generating an idea and checking its feasibility
-

5. Evaluate competitors

- analyze competitors strengths and weakness
- competitor weakness – opportunity
- competitor strengths – threats → find gap / idea.
- weakness / pressure points

↓ → one best source.

tells CPM (competitive profile matrix)

- a cpm is a matrix that helps companies and businesses to identify the reasons of competitors weaknesses. This includes the role of a critical success factors

- Opportunity is given to you in 2 forms
  ① Problems ② Gap.
- trends are changing rapidly so they are not longlasting opportunity.

- the strengths and weaknesses of our competitors which will be threat or an opportunity for us
- there are only 2 changes to get an opportunity by solving a problem or finding gaps in the marketplace
- CPM is not the only source. it is one of the best source.

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- In the market, you cannot go with the subjective approach. go with the objective approach (facts and figures)
- see the pressure points in the market of competitors and that will tell you about the problem and gap in the market
- idea beshak acha ho but its of no use if the problem doesn't exist.
- consider CPM if you have to identify the problem.
- entrepreneurial prefers to come up with new idea or innovation but it doesn't mean if we bring that idea into the market and it will be successful we have to see if it is addressing any issue.

- complaints will help find gaps/problem
- complaints are more imp than gaps

- make niches in target audience
- if idea is acceptable to target audience

5 Problems in Health Care

- US - medical data is sensitive, so needs security aespect
- hospital navigation ✓
- appointment system - problem - redirect
- medicine reactions - sideeffects
- * GAP - medical history isnt maintained - in US and other countries. ✓
- medical error - in diagnosis
- Price transparency
- Less resources / less medical resources available
- malpractice - anyone can open a clinic

* ☑ PRESENTATION IN NEXT WEEK

health card

Tuesday

1 Oct 24

Entrepreneurship

Four characteristics in an entrepreneur

1- Cognitive abilities

2- creativity

types of strategies

→ market penetration - existing products and services in existing markets

→ market development - existing products and services in new markets. (contextual gap)

→ product development - slightly modified or updated products and services into new or existing market. more easy creativity.

→ innovation - entirely new product and services into new or existing markets. (based on resources like physical, human and financial)

3- Social networks - what if I want to develop an application for a problem faced. social networks can help you find people you need. this is network

→ strong tie relationship - built between like minded individuals

→ weak tie relationship - does not require like minded individuals. when individuals

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interact here they can percieve things differently and new ideas emerge. weak tie relationship is a weak tie because they're are cognitive factors

→ Can we convert a weak tie relationship into a strong tie relationship (overtime Yes) yes, like apple wanted to proove that IOS is above androids. this perception is now accepted. in the starting androids were more preffered but as of now when we see our perception and apple's perception it is very much alike. the things that are relevant to us should only be our concern and only that should be changed to convert a weak tie into a strong tie.

4- Prior experience - it doesn't mean that we must know how to establish a business. But he must have knowledge of that domain. this prior experience is kind of a pre requisite to start a business.

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Entrepreneurship

Creativity:- (imp)

- its also called novelty in other words - Entrepreneurship is of no use if there is no creativity.

Preperation → Incubation → Insight → Evaluation → Elaboration

- the idea at this phase is checked if it is creative or not
  (what feature in your business is creative (TRIZ))

- working on the creativity that was in the preperation stage
  ↳ nestle supply chain process (strong brand img)

- I have done it, business idea is now conceived & problem solved

A2 → convert present 1 to a word doc & continue next assignment on some da.
In prep phase, tell about - how we will ensure creativity in our business.
Extensive market research.

* Availability is v. imp.

Bussiness Model Canvas

- a business model canvas is a strategic tool used to develop & visualize business models. It breaks down a business into 9 key components, that helps understand how the business delivers value to its customers and captures revenue.

① Customer Segments:-
② Value Proposition → what value we delivered to customers? tell customer about the value you made which problem are helping to solve
③ channels
④ customer relationships
⑤ Revenue streams
⑥ key resources
⑦ key activities
⑧ key partners
⑨ cost

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- flexible, ideally made at end of process but made tentative at the start by business.
- who is imp customer who is the value created for?
  ↳ factors ↳ mass market
- how to create segments? divide the mass market into category
- then create niches out of that mass market (know em well)
- to understand needs better
- Diversity (surface level (see) or deep level (like age/religion) diversity)

Diversity → Hetrogenous (mix)
① → Homogenous (uniformity)
multisided platforms - different server for different mindset

* Discuss best practices

② in A2 (cell) tell mass market, niche, segments, diversity, what factors we are going for in multiple sided platform.

③ channels - what platforms we use to reach customer, target what channel a customer wants us to use. e.g. linkedIn,

check kisoi & cherry blossom case study

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Entrepreneurship

The Business Model Canvas -make this for your fyp

1- Key Partners
2- Key Resources
3- Key Activities
4- Value Propositions
5- Customer Relationships
6- Channels
7- Customer Segments
8- Cost Structure
9- Revenue Strem

Customer Relationship

- to build trust, reliability
- brand loyalty / love
- market boost
- build relationship based on purchase behaviors
- make customer fall in love with brand

3 types of Purchase Behaviour

① Pre Purchase Behaviour

- dipicting behavior before purchasing
- if build trust then will reach to the next steps
- get max ifo → customer
- based on this info customer will buy the product

② Purchase Behaviour

- 1st Purchase
- after buying, compare with expectations from pre purchase info
- if expectations meet, satisfaction given then move toward post purchase

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③ Post Purchase

- repurchase if experience is good
- how the customer feels after the purchase

Revenue Streams

- for what value are our customers really willing to pay?
- at this stage dont keep in mind what customer want to pay/ what factors they want to pay for
- how are they currently paying (pocket money/salary)
  - major bulk of target market
  - their feasibility would be different
- how would they prefer to pay
  - subscription model / one time / annual / monthly
- fixed pricing or dynamic payment
  - depends on target market
- mode of Payment - COD, prepaid, postpaid

Key Resources / Business Resources

① Physical

- building, hardware
- depriciate - then liability
- in appreciate - then asset

② Intellectual

- v.imp but v.neglected
- brand patents, copyright, data - to save w

from tax, we don't normally do them in Pakistan.

③ Human / Employees / Human Capital
- KSAOs of an employee - appreciated

④ Financial

Key Activities (chui notes ♡)

- service - steps in a sequence

Key Partners

- who are key suppliers? providing imp ingredient
- stakeholders - retailers

Cost Structure

- imp costs

Compulsary	skippable
• compulsary to start a business	• some costs can be skipped initially

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Entrepreneurship

Feasibility - aasani

- initiate a startup - how to make it easy
- feasibility is a process that helps determining whether the business idea is viable for the society or not.
- 4 stages will tell us that business has any value in the society or not

① Proposed business venture — Product/service feasibility
② — Industry/market feasibility
③ — Organizational feasibility
④ — financial feasibity

Proposed business venture → time & resources should be spent on the business or not → 4 feasibility analysis →
↳ if yes in all areas → proceed with business idea
↳ if no in 1+ area → rethink / drop business idea

① Product / Service feasibility

factors

1- Product / service desireability - want
2- Product / service demand - how many can buy from the desire

- companies are more concerned with demand rather than desires but shouldn't mean companies should ignore / neglect desires
- desires make your brand image

→ startup with no physical existence in market → demand forecast → we will look at desires for that

→ for startups desires are more imp

- Is an assessment of the overall appeal of the product or service being proposed

refer to business model canva, value proposition.

Qs. does it make sense? it is reasonable? is it smth customers will get excited about?

↳ get data

↳ if excited then strong probability it is demanded.

- PILOT TESTING – not launch + but test
- environmental trend → solve a problem? → gap in the market
- a startup can be created if the market window of opportunity is open

- timing & place of the startup is imp
- are there any fatal flaws

↳ can they collapse your product completely?

YES

EPS

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Product / Service Desirability

Concept Test-

↳ 1 page description of a business

↳ always applicable at pilot_testing stage when the business is not launched.

↳ gets feedback for flow before it is launched

↳ sense of viability ↔ Does it Make SENSE?

Concept Statement-

① Product / Service

② Target Market