

# Entrepreneurship

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## Creating Opportunities

### Who is an entrepreneur?

- Someone who
  - recognizes a business opportunity or innovation
  - assumes the risks and responsibilities of launching a new venture or business
  - often pours their heart & soul into it
  - works endlessly to make it succeed
  - learns from failures
    - and still strives to succeed

### Entrepreneurial traits

- Good communicator
- Independent
- Persistent
- Energetic
- Creative
- Flexible
- Innovative
- Think outside the box
- Problem solver
- Always wanting to learn
- Self-starter and follow-through to end
- Enjoys challenges

### The Business Plan

*One possible reason why things aren't going according to plan is that there never was a plan.* (quote from Ashleigh Brilliant)

*A business plan is an essential roadmap for business success.*(quote from Small Business Administration)

- Having a plan for your business can keep you focused on the path to success.
- The main outcome of this course will be to produce a business plan for your entrepreneur company (real or hypothetical)

### Why write a business plan?

- Plan the business
  - Determine objectives and goals
  - Measure potential
  - Helps to keep focus
- Helps determine the feasibility of your business idea
  - Takes a look at competition
  - Financial projections
  - Other aspects not initially apparent
- Determine value of business
  - Obtain financing if needed
  - Purchasing or selling a business
- Attract employees, suppliers, corporate customers
  - Potential employees want to know about the business
  - If suppliers are giving credit on purchases, they want to know if the business idea is feasible so they can determine the risk involved.

- If corporate customers are making large purchases, they also want to know if the company is feasible to be sure they can get what they need.

## Contents of a business plan

- Determined by the type of business, type of products and/or services, needs of the business
- General outline
  - Executive summary
  - Business description & vision
  - Definition of the market
  - Description of products and/or services
  - Organization & management
  - Financial management
  - Appendixes with supporting documents & references
- The sections of the plan are not normally written in the order that they would appear in the final product.
  - For instance, the executive summary is recommended to be the first section in your plan, but it is the last section written as it provides a summary of what is to follow.
  - The appendix is last section in your finished plan, but you will probably be writing parts of the appendix as you go along.
- Some sections will need to be re-written as you define your business better.

## Business plan (for this class)

- The various parts of the general outline will be used as a way to present the material which will feed into your plan
- We won't be covering the sections in the order listed, we'll be starting in the middle and jump around until we wrap up with the executive summary.
- For your final plan, the sections between the executive summary and the appendix can be in any order that you feel fits your business. Or the sections can be in the order I listed on the previous slide.
- Rewriting and editing will be necessary
- You can also add any additional sections you feel are necessary for your particular business
  - Or you can replace sections with sections you feel are more important for your business, but please inform the instructor before replacing sections.
- Each business is unique - customize the plan to match your business.

## Tips on writing plan

- Write clearly and concisely
- Provide enough information without overburdening with details
- Answer – who, what, when, where, why & how
- Be logical, and not emotional, in presentation of your facts, but do display some passion for your business.
- Focus on strengths, but don't ignore weaknesses
- Document everything
- Format consistently and business like.
  - Use headings as an outline of your plan

- Add in images, charts, illustrations to break up text.
- Add in a little bit of color, but don't overdo it.

## Involve others in the process

- Have everyone involved in the business contribute to the plan
- Have other people outside the business read over your plan and make suggestions and comments
  - Consider having reviewers sign a non-disclosure statement so your ideas and the details of your business plan are not disclosed to other people who might become competitors
- Work with a mentor

## For this class

- Others involved in your business can contribute information for the plan, but all writing **MUST** be your own. This is a writing intensive course, so you must do your own writing.
- Your fellow students and your instructor will be reading your plan and making suggestions and comments.

## Ongoing process

- A business plan is never finished – it is a living document
- The business plan should be updated from time to time for
  - Market changes
  - Competition changes
  - Product changes
  - Expansion of business
  - New financial information
  - and other factors

## Resources

- These resources may be helpful in helping you write your business plan.
  - SBA Video: How to write a business plan
  - Entrepreneur.com Article
  - SBA: Create your business plan

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## Products & Services

Meeting the customer's needs

## Starting point

- Many entrepreneur businesses start off with an idea for products and/or services.
- Other entrepreneur businesses start off with the desire to start a business and then look for ideas for products or services
- In either case, products and/or services are the central idea behind your business.

- You really can't start planning until you decide on what your business is going to be about.

## Finding an unmet need

- Brainstorm for ideas
- Think of problems that need solutions
  - What other solutions are available?
  - What makes your solution better?
- What needs are involved
  - It's not just the need for the solution, but social, status, and emotional needs may also be involved.
  - Example: Clothing is a basic need, but particular types of clothing meet other needs as well.
    - Expensive designer clothes may meet a need to display status
    - Clothes for teens may meet social or emotional needs

## Defining the idea

- What will the idea be used for?
- Are there similar ideas in use?
- What makes your idea different?
- How is your idea better?
- Who will use this
  - Where do they live?
  - Where do they shop?
  - What types of media do they use?

## Need an idea

- Entrepreneur.com has a number of articles with suggestions. Here are a few:
- Need a business idea here are 55
- Low Cost Business Ideas
- 3 Small Businesses You Can Jumpstart Right Now

## Startup Costs – Products or Services

- Products
  - Producing prototypes
  - Initial cost of producing or obtaining items before you can sell
  - Place to store products if shipping or delivering items or place to sell items
- Services
  - No cost in producing items or storing items
  - May have costs in obtaining credentials
  - May be able to run out of home, or deliver services to customer's location.

## Risks

- Market risk – When the market is undefined and you don't know if the idea is marketable.
- Competitive risk – When the market is defined and there are competitors.

## In the business plan

- Describe all products and/or services
- How will these be priced
- What makes your products and/or services unique
- How will these be competitive
- Include Images & brochures.

## Resources

- Read one or more of the following articles.
  - [Choosing a Product or Service to Sell](#)
  - [5 tips for entrepreneurs on how to choose between product or service](#)
  - [Develop new products or services](#)
  - [Determining Your Best Product Mix](#)
  - [Why Customer Pain Is Your Most Important Resource](#)

## Competitive Advantage

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Your notes from the competitive advantage activity should answer these questions

- What do you need to consider to build a good brand?
- What are five things that attract you to a business?
- Which two companies were highlighted in case studies regarding strategy?
- What trends should you continually evaluate?

## Pricing

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Your notes from the activities on pricing should answer these questions

- What are the 7 pricing strategies?
- For one of the pricing strategies, explain how to use the pricing strategy and when you would use the strategy and give an example of the strategy
- List 5 common pricing mistakes
- List 3 legal issues involved in pricing
- What is the difference between variable cost & fixed cost?
- List 4 tips to add value to your product for customer base pricing
- For both customer-based pricing & competition-based pricing, what must you do to determine your prices
- For competition based pricing list 8 aspects of your competition that you might consider.
- What is BEQ and how do you calculate it?