Entrepreneurship & Small Business

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Professor Paul Burns

What is an entrepreneur

Myths about entrepreneurs

- **Entrepreneurs are not like us:**
- They start with a great business idea
- They start with a vision for the business
- They enjoy taking risks
- They are extraordinary forecasters
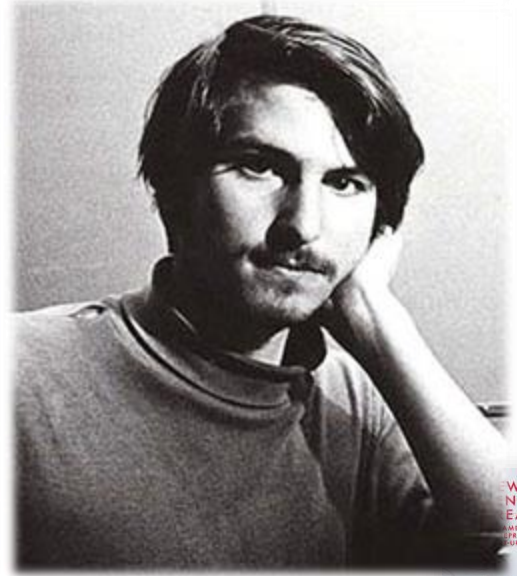
Can you spot an Entrepreneur?

Richard Branson
The best known entrepreneur in the UK

Can you spot an Entrepreneur?

Steve Jobs
The man who revolutionised three industries

Is this an entrepreneur?

What is covered in the Unit?

- Entrepreneurial character
- Finding a business idea
- Develop a business model
- Start-up & scale-up strategies
- Entrepreneurial leadership

What is Assessment 1?

A reflective analysis of whether you have the character to be an entrepreneur (25%)

- Individual work

- 1000 words

- Based on your personal General Enterprise Tendency test results (GET2)

www.Get2Test.net

GET2 Results Profile

www.Get2Test.net

Need for achievement

Internal locus of control

Need for autonomy

Acceptance of measured risk & uncertainty

Creativity, innovation & opportunism

Enterprise

Ach
Aut
LoC
Ris
Cre

11
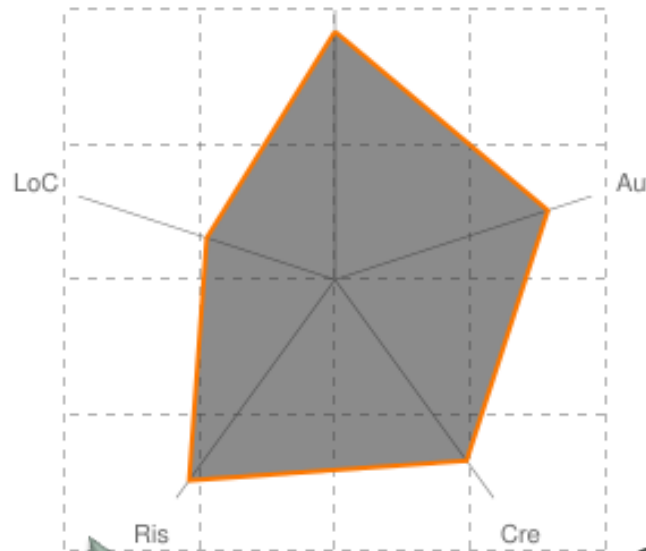
How is Assessment 1 marked?

Marking

25%: Critical evaluation of GET2 profile

25%: Supporting evidence for your evaluation

25%: Analysis of antecedent influences

15%: Reflection & conclusions
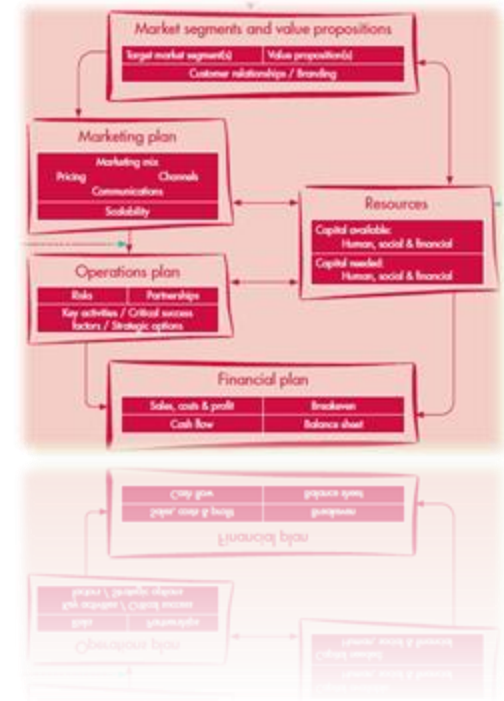
10%: Presentation (incl. sources & references)

Deadline: tba

What is Assessment 2?

Develop a business model based on your business idea (total 75%)

- Individual work

- Two parts:

1. 1,500 word business model. This must use the NVC Framework template (30%)

2. 1.5 hour, open-book test at BS4 with TWO specific (unseen) questions about your business model (45%)

Assessment 2: Business model for your business idea

Instructions: Cut and paste your business model onto this template.

The assessment should conform to this format and be no longer than 1,500 words (including appendices). Anything longer than this will not be marked. Note: you have not been asked to prepare a full business plan. You will be asked questions on this business model in a class test.

Description of the business idea & competitor analysis (15%):

Market segment(s) and value proposition(s) 15%:

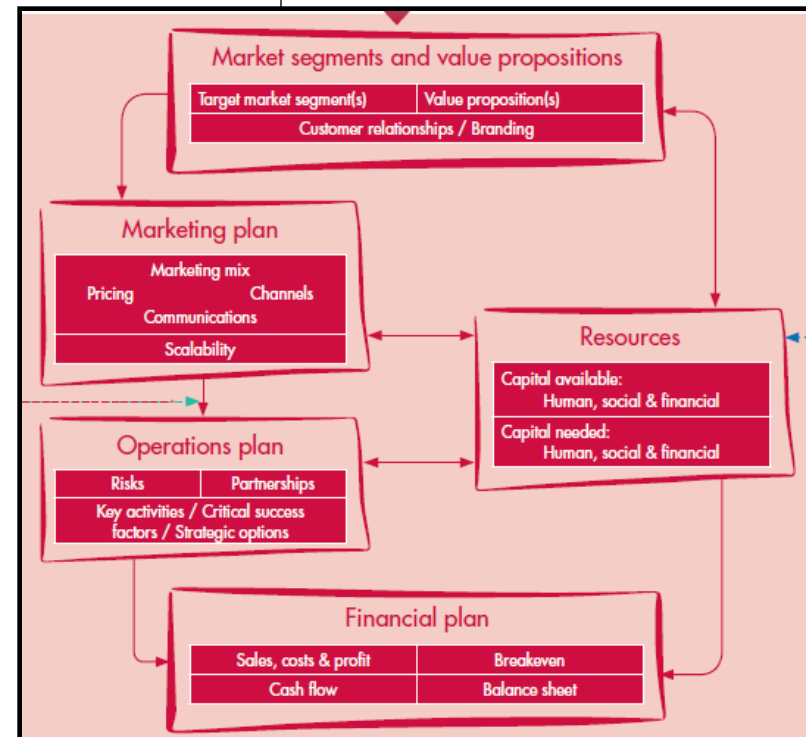**Marketing plan (15%):**

Operations plan (15%):

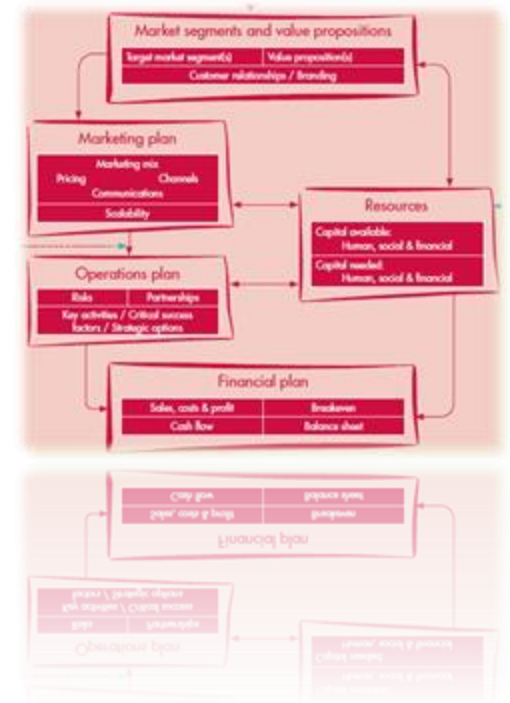**Resources (15%):**

Financial plan highlights (15%):

Note: 10% of marks are awarded for realism, practicality and overall presentation

NVC Framework template

Market segments and value propositions

Target market segment(s)	Value proposition(s)
Customer relationships / Branding	

Marketing plan

Marketing mix	
Pricing	Channels
Communications	
Scalability	

Resources

| Capital available: Human, social & financial |
| Capital needed: Human, social & financial |

Operations plan

Risks	Partnerships
Key activities / Critical success factors / Strategic options	

Financial plan

Sales, costs & profit	Breakeven
Cash flow	Balance sheet

NEW VENTURE CREATION
A FRAMEWORK FOR ENTREPRENEURIAL START-UPS
PAUL BURNS

Business model pitch

You will be invited to give a 2 minute 'pitch' of your business idea at BS3

How is the Business Model marked?

Marking (30%)

15%: Description of business idea,   market & competitors

15%: Value proposition & target market

15%: Marketing plan & scalability

15%: Operations plan (risks, partnerships)

15%: Human, social & financial capital   available & needed

15%: Financial highlight (sales, costs etc.)

10%: Realism, practicality & presentation
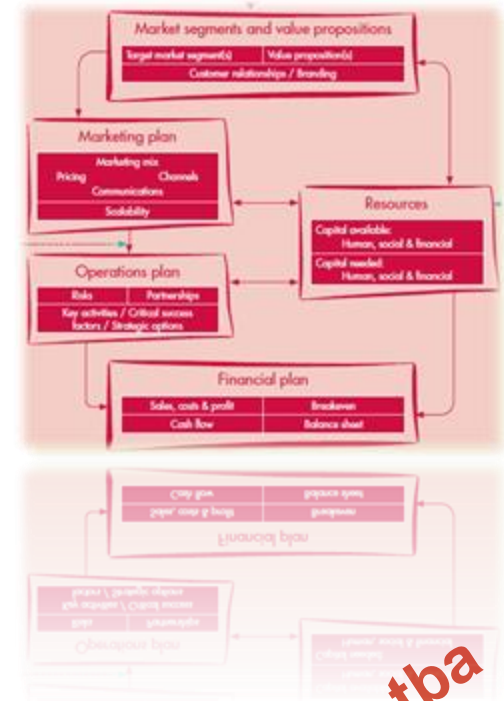
Deadline: tba

What is the in-class test?

Two specific (unseen) questions about your business model (45%)

- Generalised answers, unrelated to the submitted business model will be marked as 'fail'

- <u>Examples of questions:</u>

- Explain in detail the assumptions that underpin your sales forecast (financial plan)

- Explain how you decided on the critical success factors (CSFs) in your operations plan (operations plan)

Bring your business model to the test
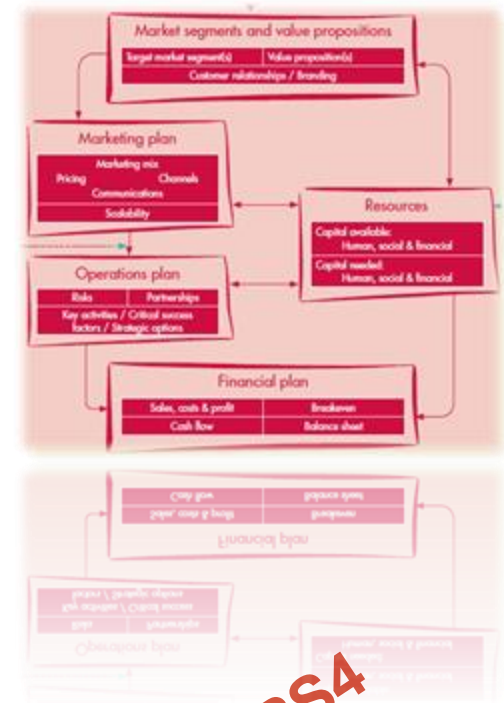
During BS4

Business model details

The Grand Mall coffee shop

Projected beverage turnover = RO 900,000, @ 30% profit = RO 27,000

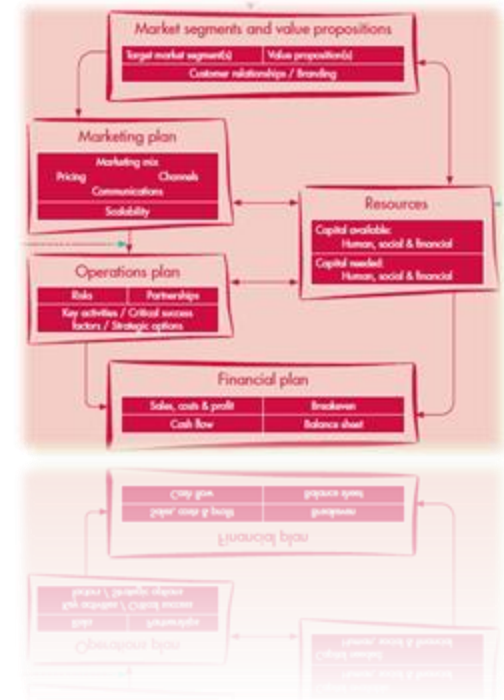@ RO 1.5 per drink = 600,000 coffees p.a.

= 1923 coffees per day (6 day week, 52 weeks)
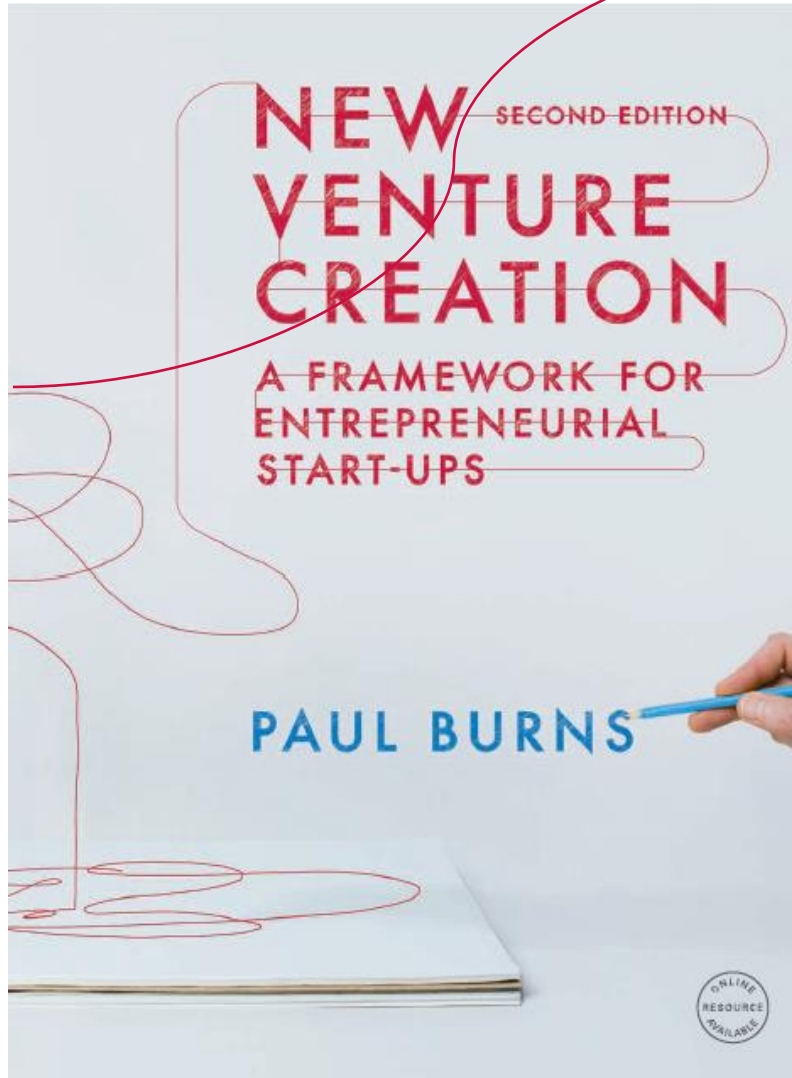
= 240 coffees per hour (8 hour day)

= 4 coffees per min

or one every 15 seconds, each day, every day
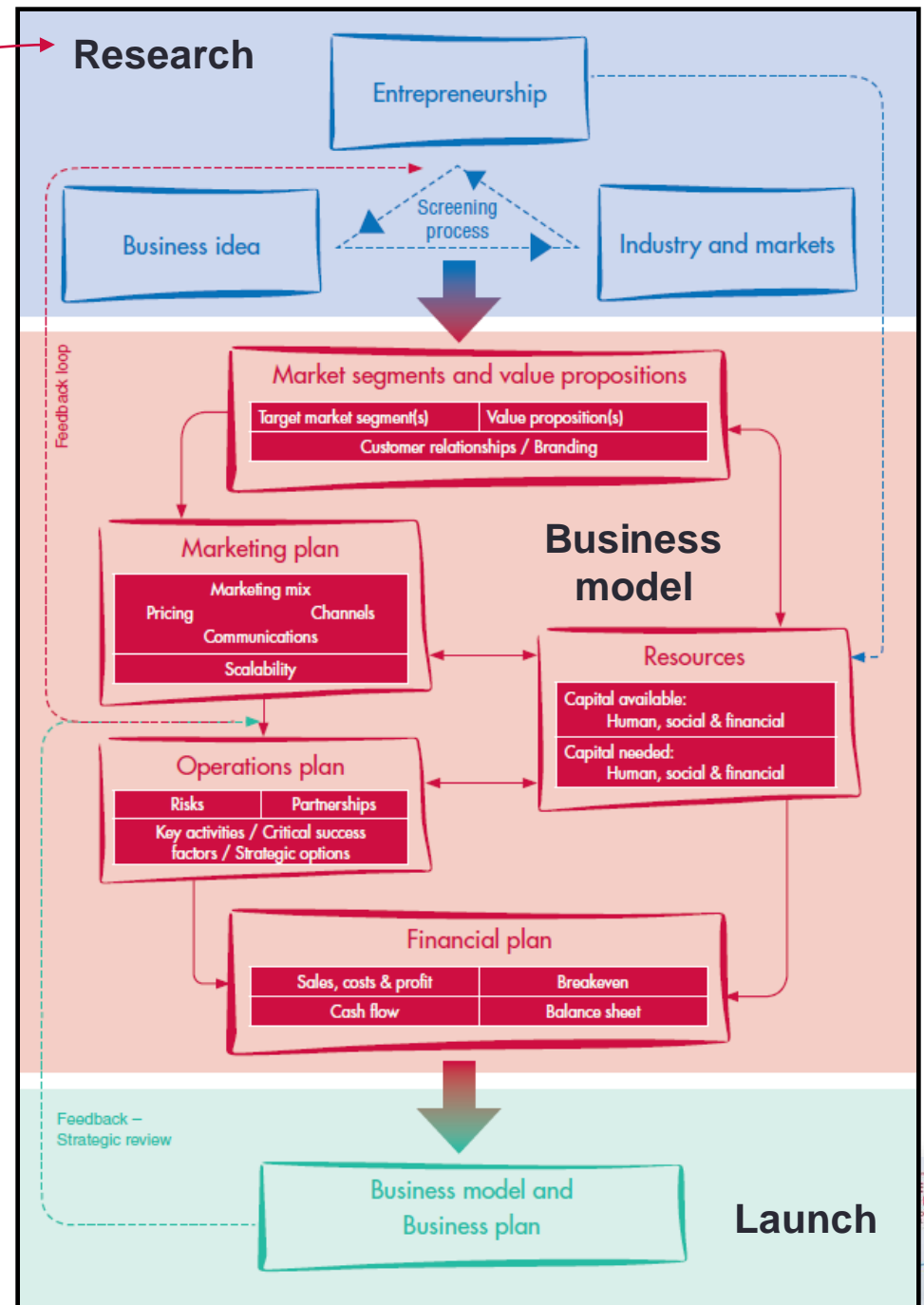
Is this realistic?

Resources

Companion website: **LINK**

Resources

1. **BREO**: LINK

2. **Textbook**

   To purchase (use code AAM25 to get 25% discount): LINK

   Companion website: LINK

3. **Blog: LINK**

Market segments and value propositions

Target market segment(s)
jhfgjhgjhgjhgjhg

Value proposition(s)
(Insert text here)

Customer relationships / Branding
(Insert text here)

Marketing plan

Marketing mix, Pricing, Channels, Communications
(Insert text here)

Scalability
(Insert text here)

Capital available: Human, social & financial
(Insert text here)

Operations

Risks
(Insert text here)

Partnerships
(Insert text here)

Capital needed: Human, social & financial
(Insert text here)

Key activities / Critical success factors / Strategic options
(Insert text here)

Sales, costs & profit
(Insert text here)

Breakeven
(Insert text here)

Cash flow
(Insert text here)

Balance sheet
(Insert text here)

Assessment 2: Business model for your business idea

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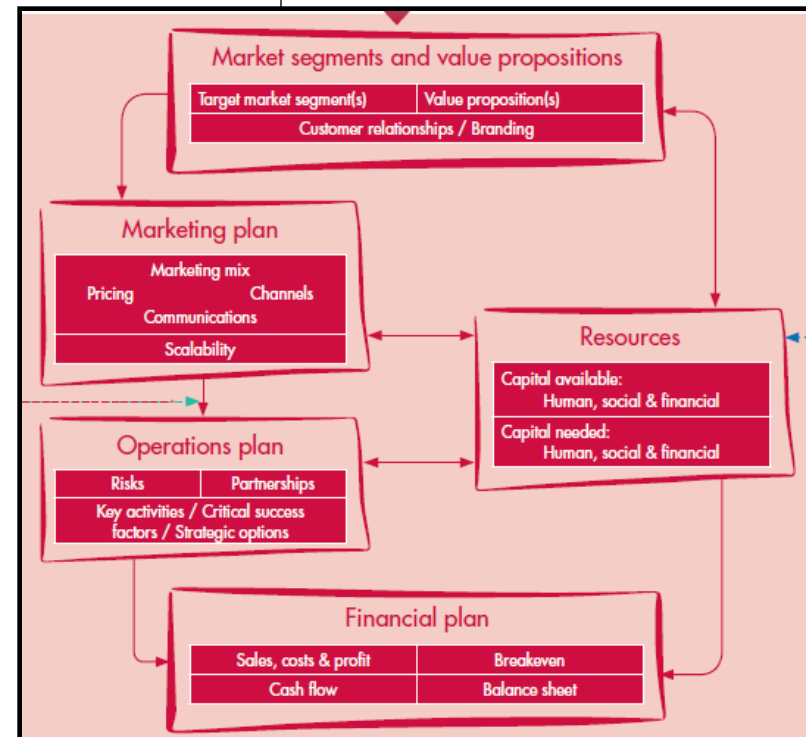
Marketing plan (15%):

Operations plan (15%):

Resources (15%):

Financial plan highlights (15%):

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NVC Framework template

Market segments and value propositions

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Marketing mix
Pricing   Channels
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Capital available:
Human, social & financial

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NEW
VENTURE
CREATION
A FRAMEWORK FOR
ENTREPRENEURIAL
START-UPS

PAUL BURNS

Our entrepreneur

GET2 Results Profile

Enterprise

Need for achievement

Internal locus of control

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Acceptance of measured risk & uncertainty

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Creativity, innovation & opportunism

Entrepreneurial Character

High need for achievement

High internal locus of control

High need for autonomy

High acceptance of measured risk & uncertainty

High creativity, innovation & opportunism

High need for Independence (67%)

- Like doing unconventional things
- Prefer working alone
- Need to do their 'own thing'
- Need to express what they think
- Dislike taking orders
- Like to make up their own minds
- Do not bow to group pressure
- Stubborn and determined

NEW
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High need for Achievement (75%)

- Forward looking

- Self sufficient

- Optimistic rather than pessimistic

- Task orientated

- Results orientated

- Restless and energetic

- Self-confident

- Persistent and determined

- Dedicated to competing a task

High internal locus of control (67%)

- Take advantage of opportunities

- Discount fate

- Make their own luck

- Self-confident

- Believe in controlling their own destiny

- Equate results with effort

- Show considerable determination

High acceptance of risk (67%)

- Judge when incomplete data is sufficient
- Act on incomplete or uncertain information
- Neither over nor under-ambitious
- Evaluate likely benefits against likely costs
- Accurately assess their own capabilities
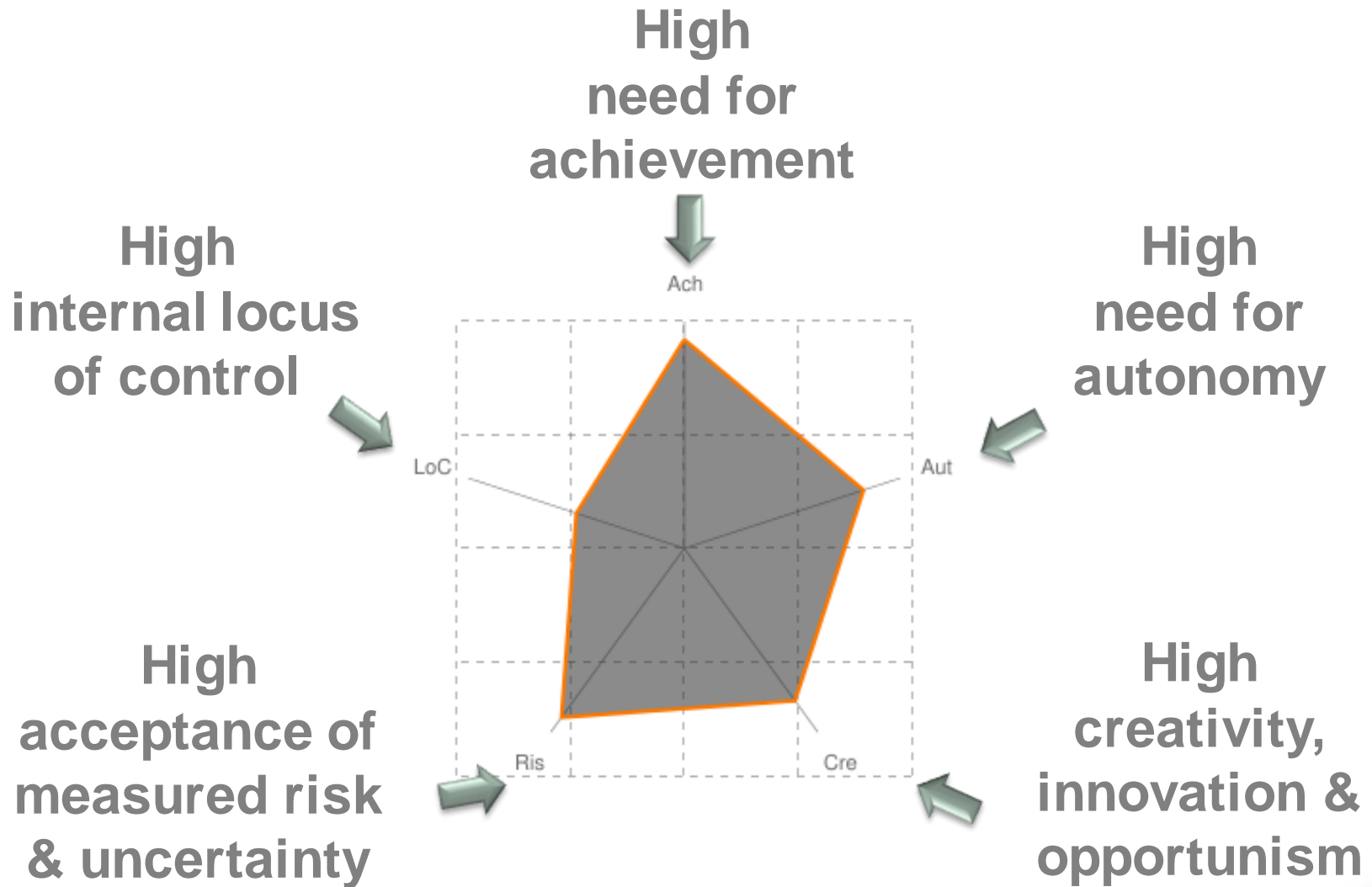- Set challenging but attainable goals

High creativity (67%)

- Imaginative and innovative
- Tendency to daydream
- Versatile and curious
- Have lots of ideas
- Intuitive and guess well
- Enjoy new challenges
- Like novelty and change

Entrepreneurial Character

High need for achievement

High need for autonomy

High internal locus of control

High creativity, innovation & opportunism

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NEW VENTURE CREATION
A FRAMEWORK FOR ENTREPRENEURIAL START-UPS
PAUL BURNS

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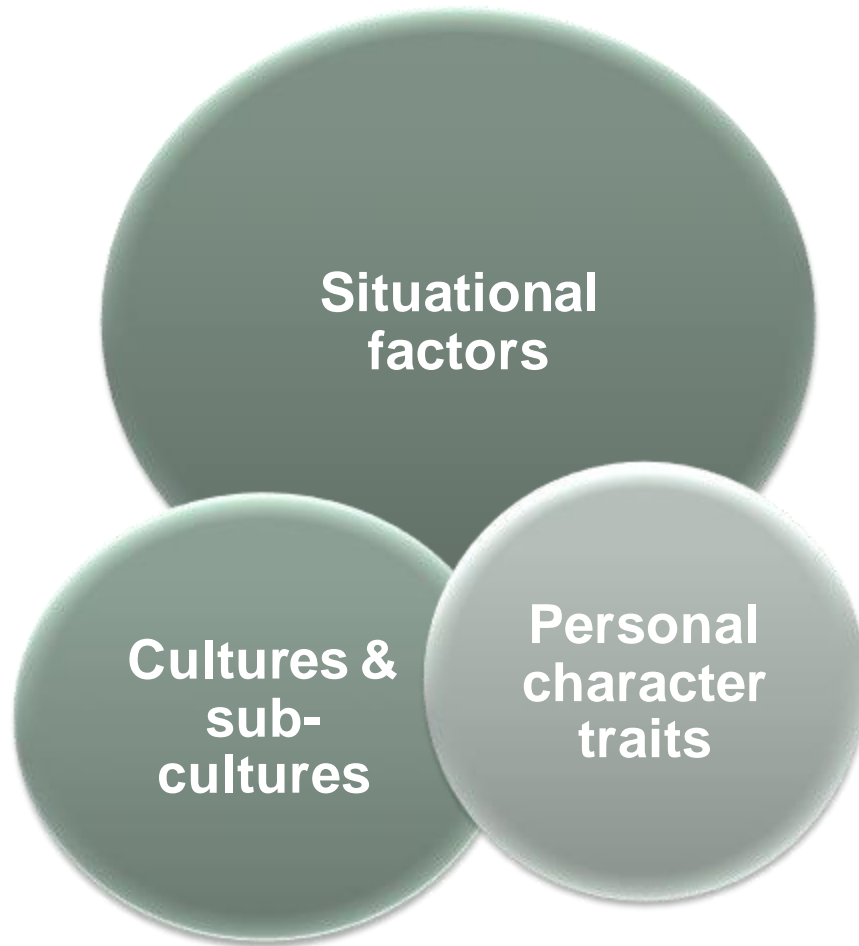25%: Analysis of antecedent
influences

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10%: Presentation
(incl. sources & references)

Deadline: tba

Influences on our character traits

Situational factors

Cultures & sub-cultures

Personal character traits

- **Nationality**
- **Education**
- **Age**
- **Family**
- **Partnering**
- **Gender**
- **Immigration & ethnicity**

Dimensions of culture

- Individualism v collectivism – the degree to which people prefer to act as individuals rather than as groups
- Power distance – the degree of inequality accepted by the community
- Uncertainty avoidance – the degree to which people avoid ambiguity/uncertainty & prefer structure
- Masculine vs feminine – quality of life issues like individual achievement & assertiveness vs

Hofstede, 1981

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National cultures

| Low		High
South America, Saudi Arabia, Pakistan	INDIVIDUALISM	USA, UK, France, Australia, Canada
USA, UK, Germany, Scandinavia	POWER DISTANCE	South America, France, Malaysia, Saudi Arabia
USA, UK, Hong Kong, Singapore	UNCERTAINTY AVOIDANCE	Greece, France, Portugal, Uruguay, Saudi Arabia
North Europe	MASCULINITY	USA, Austria, UK, Japan, Germany

Entrepreneurship & national cultures

LOW   HIGH

HIGH INDIVIDUALISM

LOW POWER DISTANCE

LOW UNCERTAINTY AVOIDANCE

HIGH MASCULINITY

National/Individual
entrepreneurial culture
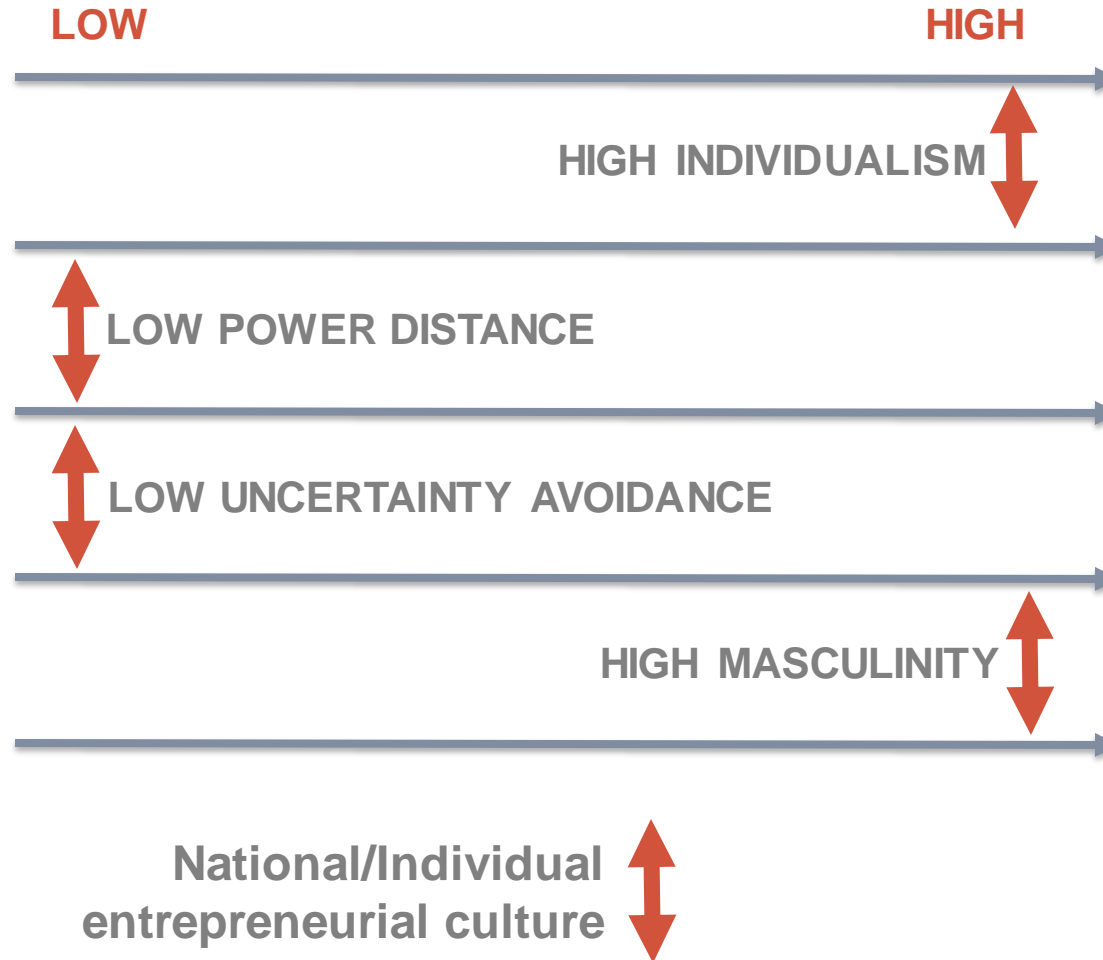
Steve Jobs & Apple
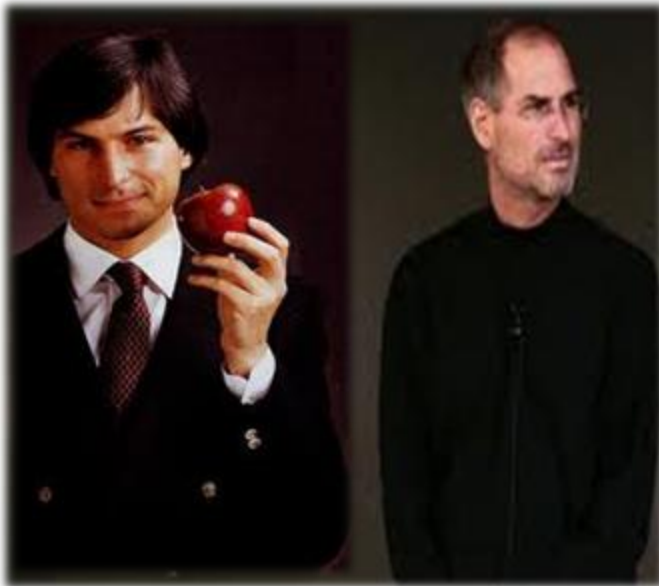
1. What entrepreneurial qualities or characteristics did Jobs exhibit?

2. Why was he so successful? How much of his success was just good luck?

Obit   Guardian

Entrepreneurship & Small Business

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Professor Paul Burns

Elevator pitch

- What is the value proposition & what is its uniqueness?

- Who are the competitors & how are you better?

- What is the profitability?

Elevator pitch

Barriers & triggers to entrepreneurship

Barriers
(situational & psychological)

- Need for regular income
- Fear of loss of capital
- Risk aversion
- No capital
- Doubts about ability

Push factors (situational)

- Unemployment
- Disagreements
- 'Misfit'
- No other option

Pull factors (psychological)

- Independence
- Recognition
- Personal development
- Wealth

Trigger

Jack Cator & HMA!

- Started as a free proxy service - a way around school rules the internet

- Left school at 16 for 2-year IT course

- Started HMA! from his bedroom using freelancers in 8 countries & income from advertisers

- Because it was free it rapidly gained users

- In 2008 added a low-cost, subscription-based virtual private network (VPN) service which gave users complete anonymity

- By 2014 HMA! had the largest VPN international server network with over 10 million users & 250,000 paying subscribers. It employed over 80 people & made profits of £2.3 ($3.4) million on a turnover of £11.5 ($17.2) million

- In 2015 HMA! was sold for £40 ($60) million

Jack's top tips

1. Exploit your age
2. Go out and get the experience
3. Understand your audience (customer needs)
4. Branding is everything
5. Get it out there (lean start-up)
6. Make use of free marketing
7. Engage with users
8. Don't delegate too early (understand all operations & the critical success factors)
9. Outsource your staff (+ partnering)
10. You don't need financing