ENTREPRENEURSHIP 101: Keys to Starting a Business

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Entrepreneurial Leadership Center
Fall 2009 - Speaker Series
Today We Will Address

• What is Entrepreneurship?
• 7 Keys to Success
  1. Idea Generation
  2. Funding
  3. Legal Issues
  4. Marketing
  5. The Business Plan
  6. You, the Entrepreneur
  7. Do your research
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Famous Entrepreneurs

Oprah Winfrey

Donald Trump
Steve Jobs

Estee Lauder
Vera Wang

Russell Simmons
Definitions of Entrepreneurship

• Creation of a new venture (Gartner, 1988)
• Change implementing innovation through the carrying out of new combinations (Schumpeter, 1934)
• A way of thinking, reasoning, and acting that is opportunity obsessed, holistic in approach, and leadership balanced (Spinelli & Muller, Jr.)
• Nexus of enterprising individuals and valuable opportunities which constitute the process of existence, discovery, and exploitation of entrepreneurial opportunities (Shane & Venkataraman, 2000).
Entrepreneurship is used to describe:

- Creation of new businesses
- Small businesses
- Sole proprietorships
- Family owned businesses
- High growth new businesses
- Franchises
- Intrapreneurship
What is *Intrapreneurship*?

- Creation and/or innovation within an existing business
- Intrapreneurial companies
  - 3M
  - Apple Computer
- Need for intrapreneurship
So for today, let’s define *Entrepreneurship* as starting a new business
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• Resources for Entrepreneurship
Key #1: Idea Generation

- Good entrepreneurial business ideas
- Sources of good entrepreneurial business ideas
- Ideas to avoid
Good Entrepreneurial Business Ideas

**MARKET DRIVEN**

- Solve a problem
  - Find a market need
  - Customer focused not product driven
- Target an *identified, sizeable* market segment
Good Entrepreneurial Business Ideas

FEASIBLE

• Attractive – there is a demand
• Achievable – it can be done
• Durable – it lasts
• Value creating – it is worth something
• Safe
• Affordable for target market
Good Entrepreneurial Business Ideas

UNIQUE

• Differentiated (vs. commodity)
• Faster
• Better
• Cheaper
Good Entrepreneurial Business Ideas

**FUNDABLE**

- Revenue stream
- Manageable risk
- Sustainable - Market exists with frequency of purchase
- Scalable or Replicable

- Barriers to entry
- Growth potential
- Product pipeline
- Exit plan
- Innovative
Good Entrepreneurial Business Ideas

**INNOVATIVE**

- Radical vs. Incremental
- Innovation framework\(^1\)
  - Invention
  - Extension
  - Duplication
  - Synthesis

1 Kuratko & Hodgetts (2001)
Good Entrepreneurial Business Ideas

INTELLECTUAL PROPERTY

• Copyrights
• Trademarks
• Patents
• Trade Secrets
Idea Generation

• Characteristics of good entrepreneurial business ideas
• Sources of good entrepreneurial business ideas
• Ideas to avoid
Sources of Good Entrepreneurial Business Ideas

• Talk to friends, family and other contacts
• Read
• Examine surroundings - consider your
  – Hobbies/activities
  – Education
  – Work Experience
  – Personal Life
• Network
Sources of Good Entrepreneurial Business Ideas

• Recognized needs not effectively met
• Geographic or business niches not currently served or under served
• Changes in
  • Market
  • Industry
  • Legal/ Political factors
  • Technology factors
Successful Entrepreneurs recognize an opportunity while it is still taking shape

Skate to where the puck will be not where it is or it was.

O’Malia & Whistler, 2003
Idea Generation

• Characteristics of good entrepreneurial business ideas
• Sources of good entrepreneurial business ideas
• Ideas to avoid
Ideas to Avoid

- Unfavorable industries
- Unfavorable markets
- Crusades
- An N of one
- One Hit Wonders
- Unsafe or illegal products/services
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Key #2: Funding

- Essential to success of business
- Debt
- Equity
- Hybrids
Debt Funding

• Personal funds
• Family & Friends
• Credit Cards
• Bank Loans
• Federal & State Loans
Equity Funding

- Personal funds
- Friends and family
- Business Angels
- Venture Capital
- Private Placement
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Key#3: Legal Issues

Legal structure

• Sole Proprietorship
• Partnership
• Corporation
• Limited Liability Company
Legal Issues

Intellectual property
• What is it?
  • Patent
  • Copyright
  • Trademark
  • Trade Secret
• Who owns it?
• How is it protected?
Legal Issues

- “Partnership” agreements
- Regulations
- Non-disclosure agreements
- Contracts
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Key#4: Marketing

How do you get your message out on a small budget?

• Guerilla marketing
• Create a buzz that goes viral
• Social networks
• Endorsements
• Promotion
• Branding
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Key #5: The Business Plan

• Road map
• Comprehensive document detailing the proposed venture
• Planning Tool describing events that may affect proposed venture
• Used in search for funds
The Business Plan

- Vary in depth, detail, and quality
- Tech vs. low tech businesses
- Examples
  - www.bplans.com
  - WCU Library
    - “The business planning guide: creating a plan for success in your own business” by David H. Bangs, Jr.
The Business Plan

Contents

• Executive Summary
• Business Concept
• Industry/Market Analysis
• Operations
• Marketing Plan
• Management Team
• Risks
• Financial Plan
• Appendix
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Key#6: You, The Entrepreneur

• Build your network
• Prepare your resume
• Intern to gain experience
• Find a mentor
• Create a professional image
• Behave ethically
• Avoid burning bridges
• Learn to sell
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Key#7: Do your research

- Study your market
- Research the industry
- Know your competition – *And there is always competition*
- Project your financials – Cash flow, startup costs, break-even, revenue, etc.
- Research creates confidence and credibility
Communicate Your Research

- To refine your idea
- To create your business
- In your business plan
- To create an Elevator Pitch
- In selling
Research Resources

- www.cottrellcenter.org
- www.sba.gov
- www.score.org
- www.entrepreneur.com/
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Entrepreneurship is a journey that begins with an idea.
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