



Module 3 – General Orientation in Entrepreneurship

This project has been funded with support from the European Commission. This publication reflects the views only of the author, and the Commission cannot be held responsible for any use which may be made of the information contained therein.

Learning outcomes

- Describe the term entrepreneurship and the current trends in Europe
- Apply different tools in order to develop business idea and carry it through different stages of the entrepreneurship process
- To Provide an overview of:
 - How to identify Opportunities and Generate ideas
 - Tools such as Feasibility Analysis, Business Plan and Business model canvas
 - Awareness of legislation and regulations affecting the business ideas

Let's Meet Each Other! (ice-breaking activity)

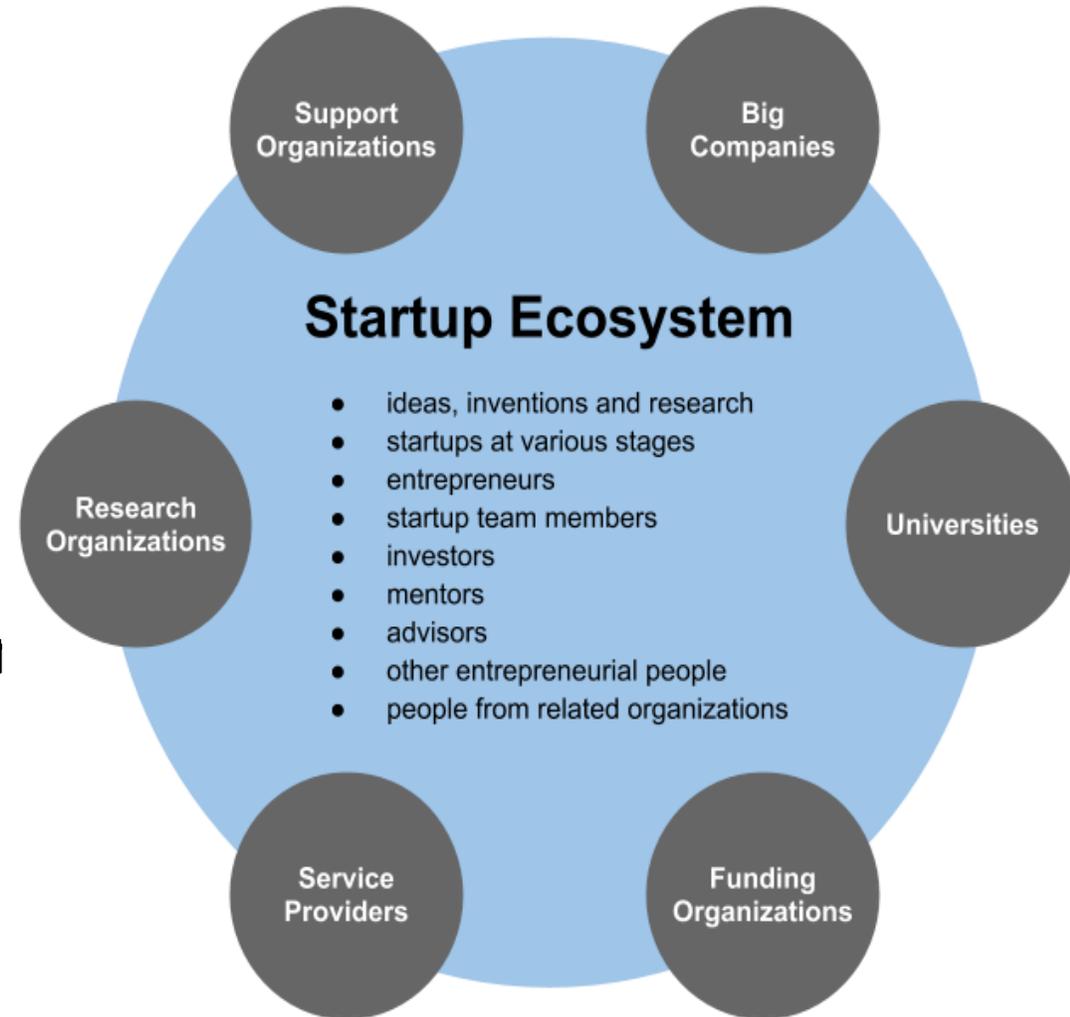
Please take a pen and a blank page and write down:

1. If you could have any job in the world, what would it be?
2. If you could have a magic power for 24 hours, what would that be?
3. If you could have invented any product or service, which one would you choose and why?

**PICK UP A
Blank Page**

3.1 What is Entrepreneurship?

- Entrepreneurship is the process of creating something new and assuming the risks and rewards. Entrepreneurship is the dynamic process of creating wealth.
- A **startup** company (**startup** or **start-up**) is an **entrepreneurial** venture which is typically a newly emerged, fast-growing business that aims to meet a marketplace need by developing a viable business model around an innovative product, service, process or a platform.



Famous Entrepreneurs' quotes

"My mother always taught me never to look back in regret but to move on to the next thing. The amount of time people waste dwelling on failures rather than putting that energy into another project always amazes me."

RICHARD BRANSON



"It takes 20 years to build a reputation and five minutes to ruin it. If you think about that, you'll do things differently."

WARREN BUFFETT

3.2 Types of Startup firms

TYPES OF START-UPS:

1. A lifestyle firm is privately held and usually achieves only limited growth.
2. Foundation Companies.
3. High-Potential Venture.

Source: http://userhome.brooklyn.cuny.edu/bassell/entrepreneurship/images/Myles_Bassell_505SGS1.pdf

3.3 Trends and Changes in entrepreneurship

1. Everyone is doing it!
2. Intrapreneurs are becoming more common.
3. Solopreneurs are making it big time.
4. Entrepreneurs are marketers.
5. Hiring contract workers is the thing to do.
6. Entrepreneurs are laser-focused on revenue.
7. Few entrepreneurs are starting big companies.

Debate the Article :

Source: <https://www.inc.com/neil-patel/the-biggest-trends-in-entrepreneurship-i-ve-seen-this-year.html>

Top 10 skills

in 2020

1. Complex Problem Solving
2. Critical Thinking
3. Creativity
4. People Management
5. Coordinating with Others
6. Emotional Intelligence
7. Judgment and Decision Making
8. Service Orientation
9. Negotiation
10. Cognitive Flexibility

in 2015

1. Complex Problem Solving
2. Coordinating with Others
3. People Management
4. Critical Thinking
5. Negotiation
6. Quality Control
7. Service Orientation
8. Judgment and Decision Making
9. Active Listening
10. Creativity



Source: Future of Jobs Report, World Economic Forum

10 Jobs that Didn't Exist 10 Years Ago!

We examined over **259,000,000** LinkedIn member profiles to determine the 10 most popular job titles that were barely on the map in 2008. Technology and fitness are the biggest drivers for these fascinating changes.

1



THE IOS DEVELOPER

Apple announced the iPhone in 2007, and 3rd party development for iOS took off in 2008 with the release of iOS 2 and the App Store.



142x growth in 5 years

3



THE ZUMBA INSTRUCTOR

Zumba started in the early 2000's and quickly gained traction in 2007 as fitness centers started popping up all over the US.



396x growth in 5 years

2

THE ANDROID DEVELOPER

Google's Android platform was also announced in 2007, with the release of the first Android-powered handset in 2008.



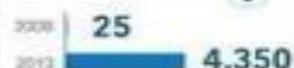
199x growth in 5 years



4

THE SOCIAL MEDIA INTERN

LinkedIn, Facebook, YouTube and Twitter were all founded between 2003 and 2006. These networks really started hitting their stride after 2008 and are currently at peak popularity. Not a shocker that this is a surging profession.



174x growth in 5 years



5

THE DATA SCIENTIST

Our digital lives have created an overwhelming flood of information. In the last 5 years, data scientists have come to the rescue by trying to make sense of it all.



30x growth in 5 years



7

THE BIG DATA ARCHITECT

Although it's been around for at least 2 decades, the concept of big data took off around 2008. That year, the Computing Community Consortium published a white paper which propelled the term into the limelight.



3,440 x growth in 5 years

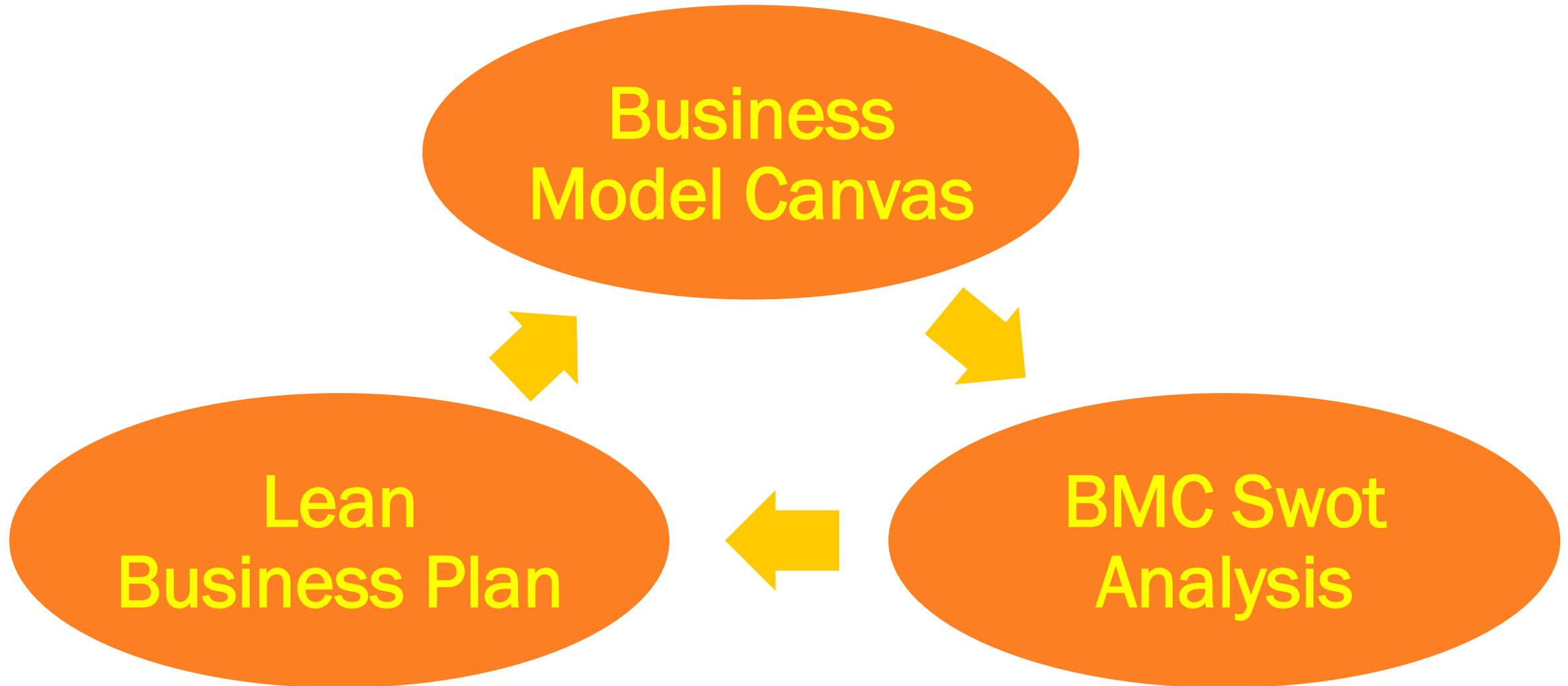


3.4 TEST- Questions



1. What is the difference between entrepreneurship and start-ups?
2. What are the three start-ups types?
3. Name 3 major trends in entrepreneurship in 2016?

3.5 The Course Model: The Entrepreneurial Process

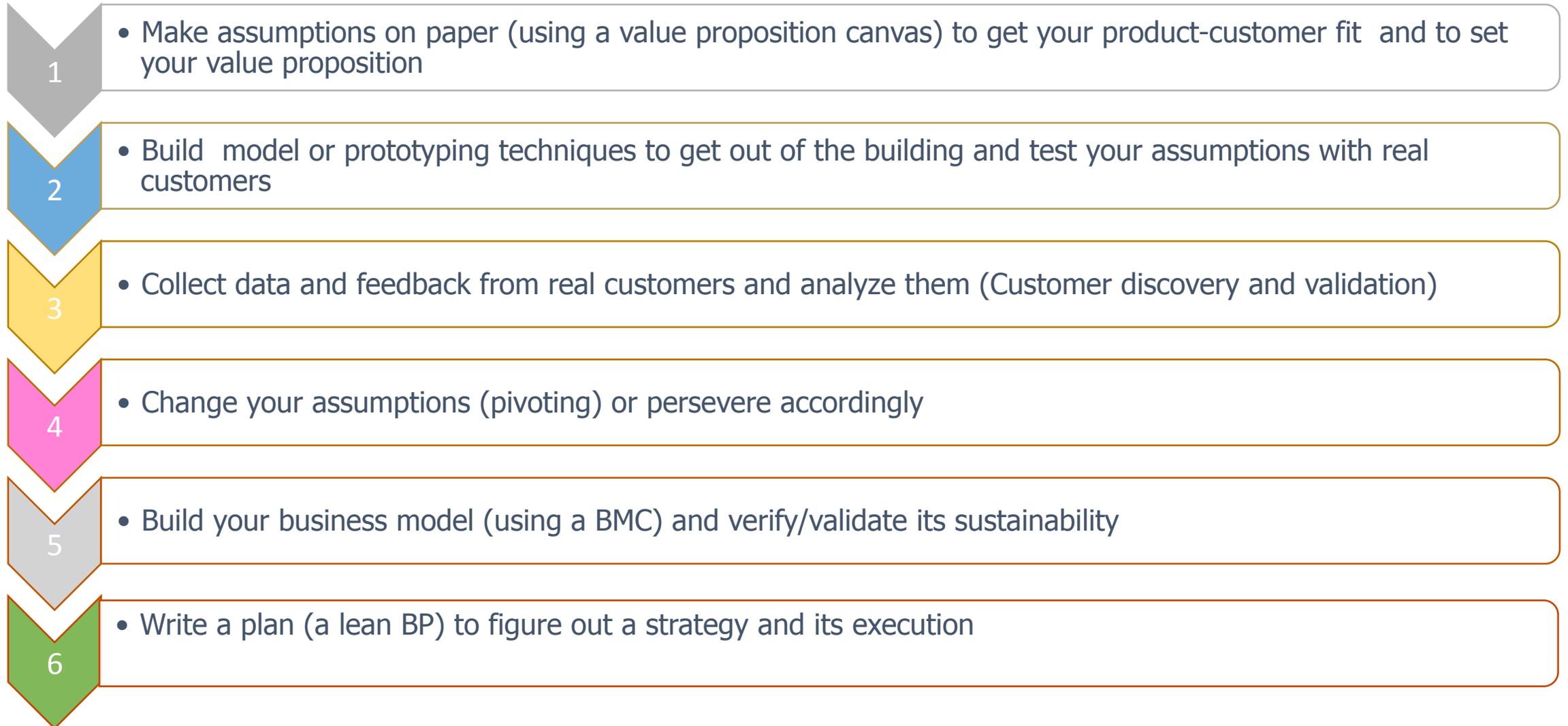


3.5.1. The Entrepreneurial Process: 4 Stages

The 4 +1 Stages :

1. Decision
2. Development of business idea (idea generation)
3. Starting the business (business model canvas)
4. Managing and growing (expansion phase)
5. Stage 5 (Exiting possibility)

Lean start-up Methodology



3.6. Identifying opportunities

1. Observing trends:

Examples:

- **Larger Companies will Invest in Startups** (crowdsourcing is popular because investors can actually take part in the product development process and feel more involved in the day-to-day operations)
- **Investors will Look for Lean Spending** (efficiency in terms of how resources are used)
- **Competition will Increase** (differentiate themselves in order to be valuable to investors and attract their target audience)
- **Niche Technology Industries will Grow** (Internet of things, smart home, cybersecurity)
- **There will Be Continued Disruption** (be an entrepreneur with a disruptive idea, business plan and passion to build a business from the ground up)

2. Solving a problem:

- **Research what problem of a category of people you can solve!** (market survey)

3. Finding gaps in the market place:

- **A gap in the market can have one or more of three attributes. Namely, it is something new and original, it improves on something that already exists, or it takes something that exists and finds it a new market.**
- **Expose yourself to as many new and interesting people, experiences and ideas so that your brain can make new and creative associations and innovations.**

3.8 Generating Ideas

- How to generate, encourage and protect new ideas?



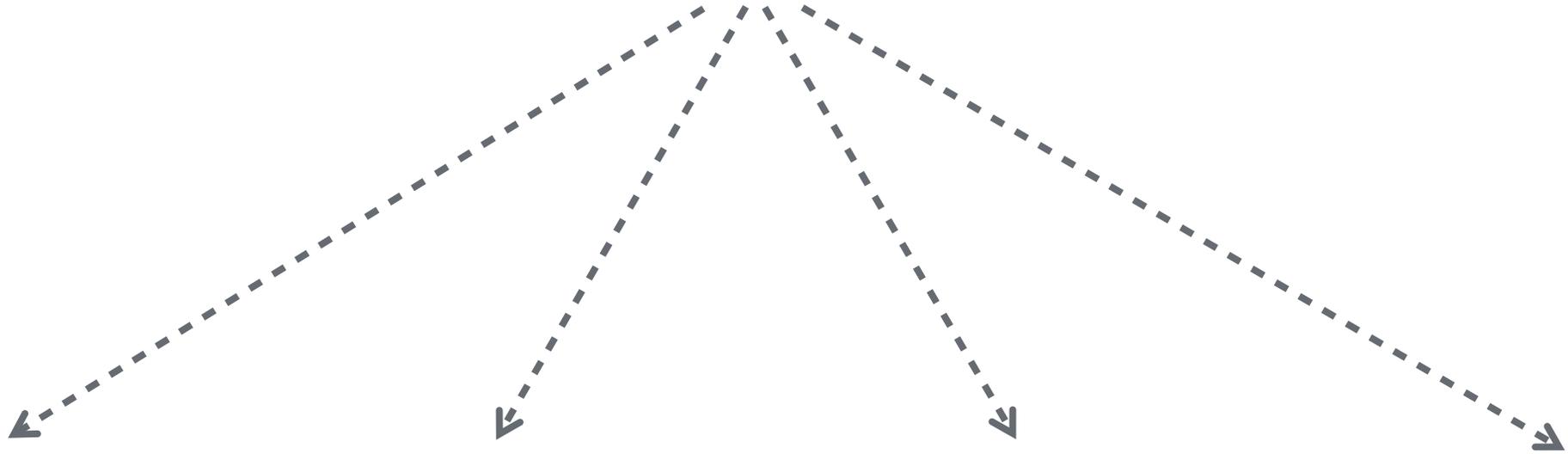
everybody is creative!



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TRAINING



4 puntos clave



Creative
Thought

Thought
Patterns

Creative
Thinker's
exercises

Lateral
Thinking



Erasmus+



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Creative Thought
Logo Rethinking





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Thought Patterns
You in 1min, 1 post it

Thought Patterns
A famous logo in 1min, 1 post it

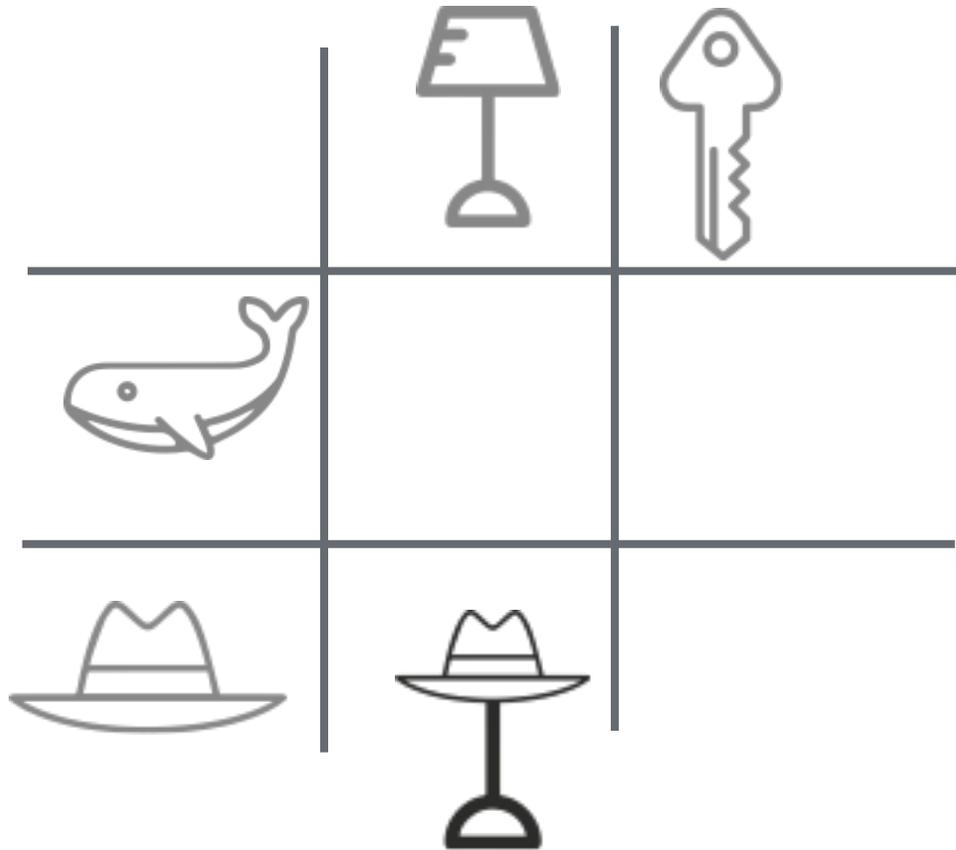
Thought Patterns
Your favorite thing in 1min, 1 post it



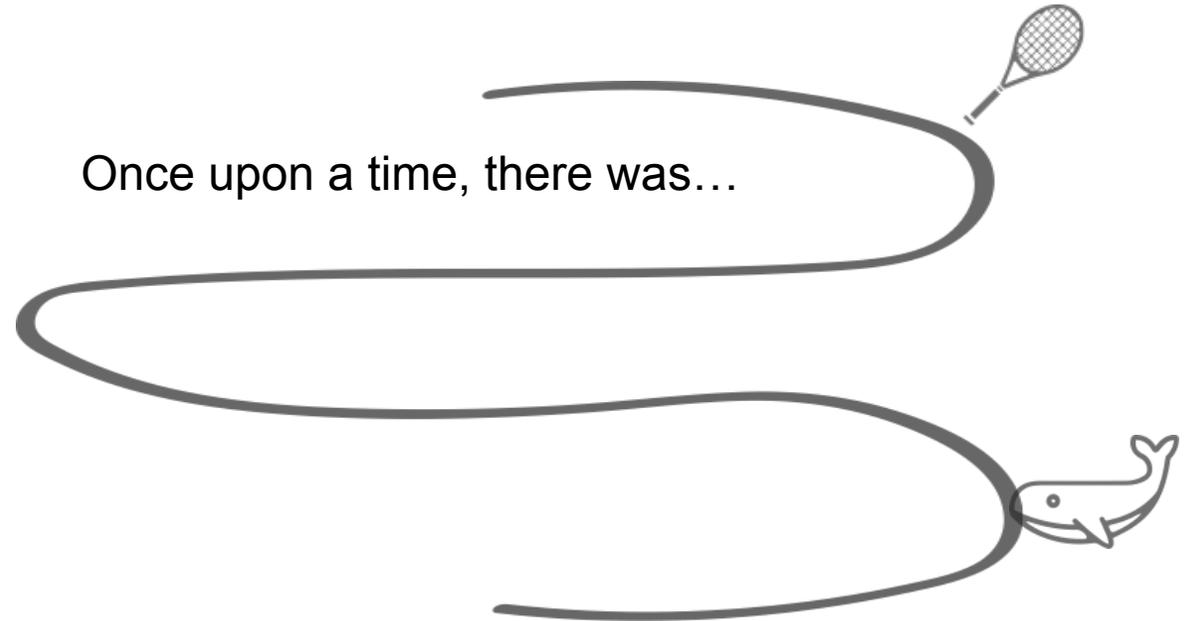


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Creative Thinker's exercises Idea Elaboration



Once upon a time, there was...





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Creative Thinker's exercises
Clip



Creative Thinker's exercises
Palillo



Creative Thinker's exercises
Brocha



Creative Thinker's exercises
Pepino

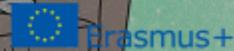


Creative Thinker's exercises
Pajita



**GREEN
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TRAINING**

Lateral
Thinking
Exercises



3.9. Feasibility analysis (1)

- The purpose of the feasibility analysis and its role during the entrepreneurial stage.

An **analysis** and evaluation of a proposed project to determine if it :

- (1) is technically **feasible** (marketing, technical)
- (2) is **feasible** within the estimated cost, and (cost-benefit analysis)
- (3) Will be profitable. (financial)



3.9. Feasibility analysis (2)

Cost analysis- Break even calculation

How to calculate Break even?

$$\frac{\text{Fixed Costs}}{\left(\frac{1 - \text{Variable costs per unit}}{\text{selling price per unit}} \right)} = \text{Break Even Point}$$

When there is a profit:

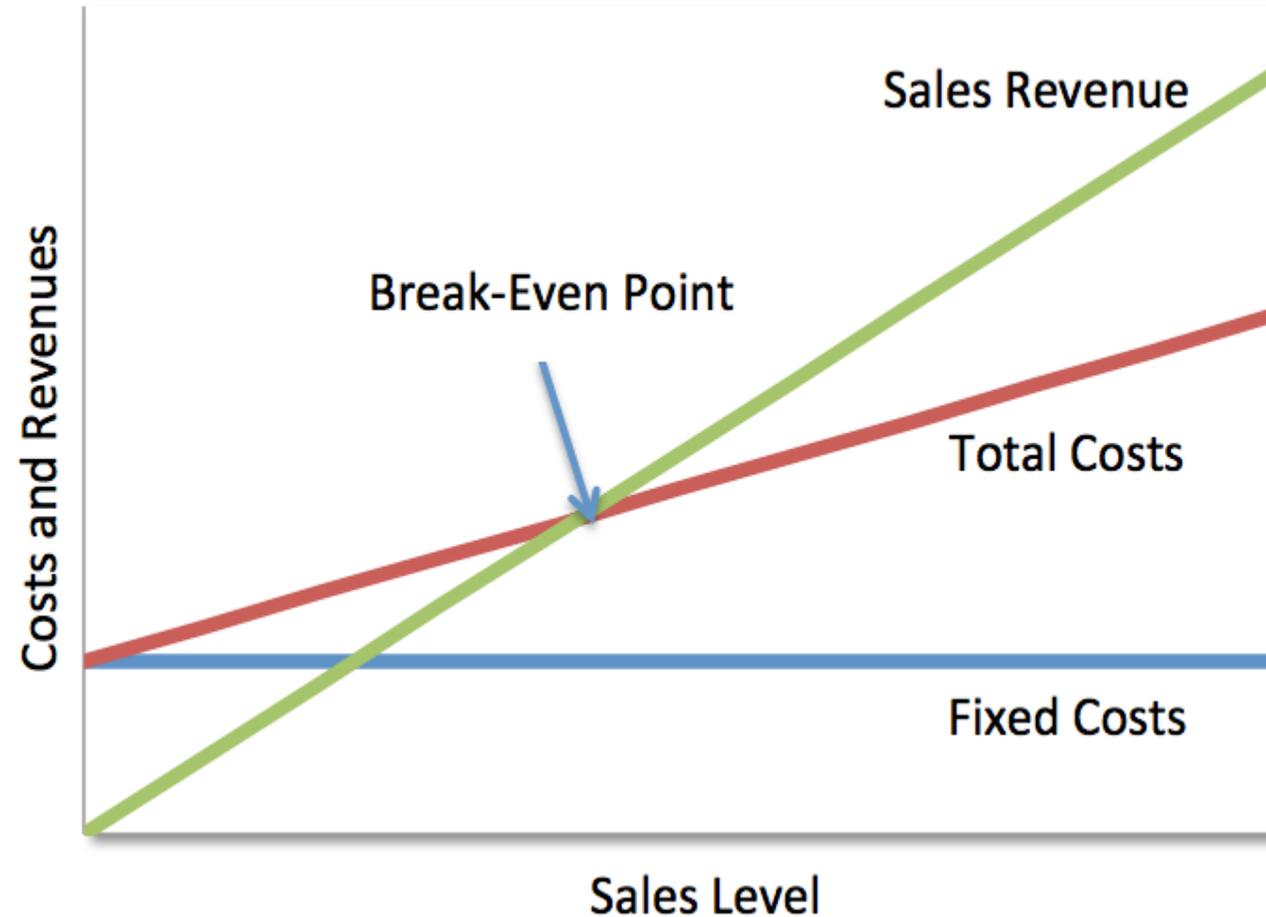
$$\text{Revenues} > \text{Variable cost} + \text{fixed cost}$$

At break-even point (BEP):

$$\text{Revenues} = \text{Variable cost} + \text{fixed cost}$$

When there is a loss:

$$\text{Revenues} < \text{Variable cost} + \text{fixed cost}$$



This is useful when it comes to products and units of a standardised products.

3.10 TEST: Questions!



1. What means finding gaps in the market place?
2. Which are the minimum 4 stages in market plan?
3. Who can be creative?
4. What is feasibility analysis and what is the major tool for cost analysis when it comes to products in units?

3.11 Business Plan

- Reasons for writing a business plan and helpful guidelines:
- 1. Follow up the advancement
- 2. Adapt the plan based on the change of inputs
- 3. See if the results meet your expectations

3.12 Business Model

Main Components:

1. Business Model and the Value Proposition
2. Customer Segments and Channels
3. Customer Relationships
4. Revenue Streams
5. Key Activities
6. Key Resources
7. Key Partners
8. Cost Structure
9. Lean Canvas
10. Examples of BMC for well-known companies
11. Exercise on BMC



BUSINESS MODEL AND THE VALUE PROPOSITION

- The Business Model describes the aspects of a business
- It works in adapting them and their connections to the changing environment
- Business Model Canvas is a shorter, but effective, version of it
- The value proposition and the profit are its most important parts
- The value proposition must be tailored to meet clients' needs
- Value proposition is connected to every other component

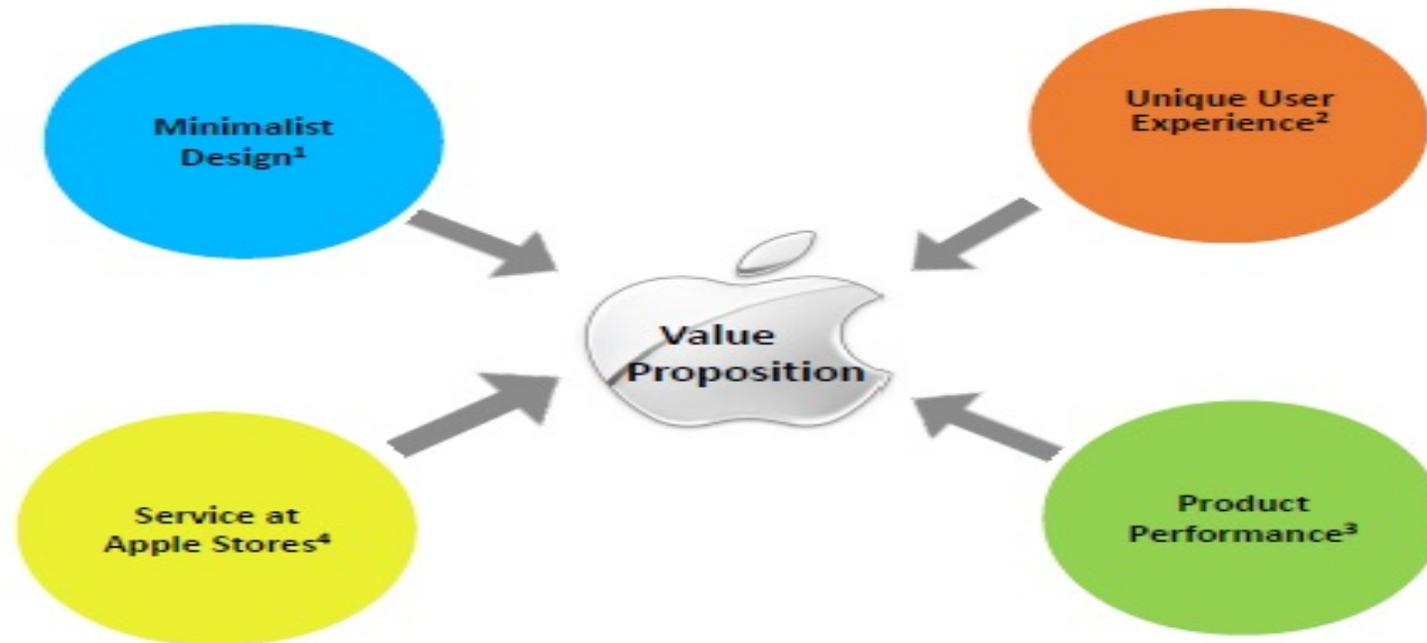
Business model and the value proposition

- The Business Plan (BP) shows many components and interactions
 - BP considers the atmosphere something stable when it is not
 - Business Model Canvas is a shorter, but effective, version of BP
 - Everything in business surrounds the Value Proposition
 - The Value Proposition must meet clients' needs
- A value proposition is a promise of value
 - That value is supposed to be delivered and acknowledged.
 - It requires also a belief from the customer
 - He/she must expect the value proposition will be delivered/experienced

BUSINESS MODEL CANVAS AND THE VALUE PROPOSITION

EXAMPLE OF VALUE PROPOSITION (APPLE)

Value Proposition

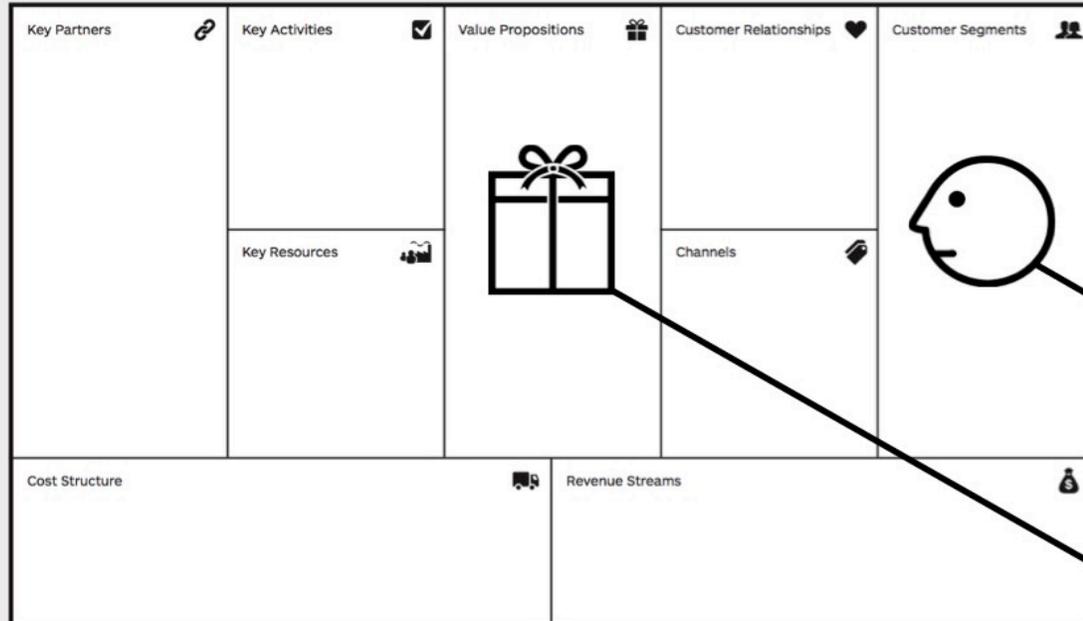


Sources: ¹[Burrows & Satariano, \(2012\)](#); ²[Osterwalder & Pigneur \(2009\)](#); ³[Apple Inc. \(2014\)](#); ⁴[Apple Inc. \(2014\)](#);

Business model & value proposition

The Business Model Canvas

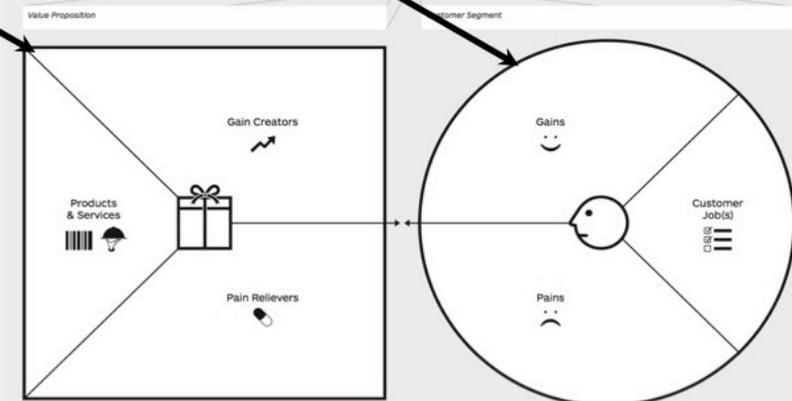
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DESIGNED BY: Business Model Foundry GmbH, Switzerland
www.businessmodelgeneration.com

Strategyzer
strategyzer.com

The Value Proposition Canvas

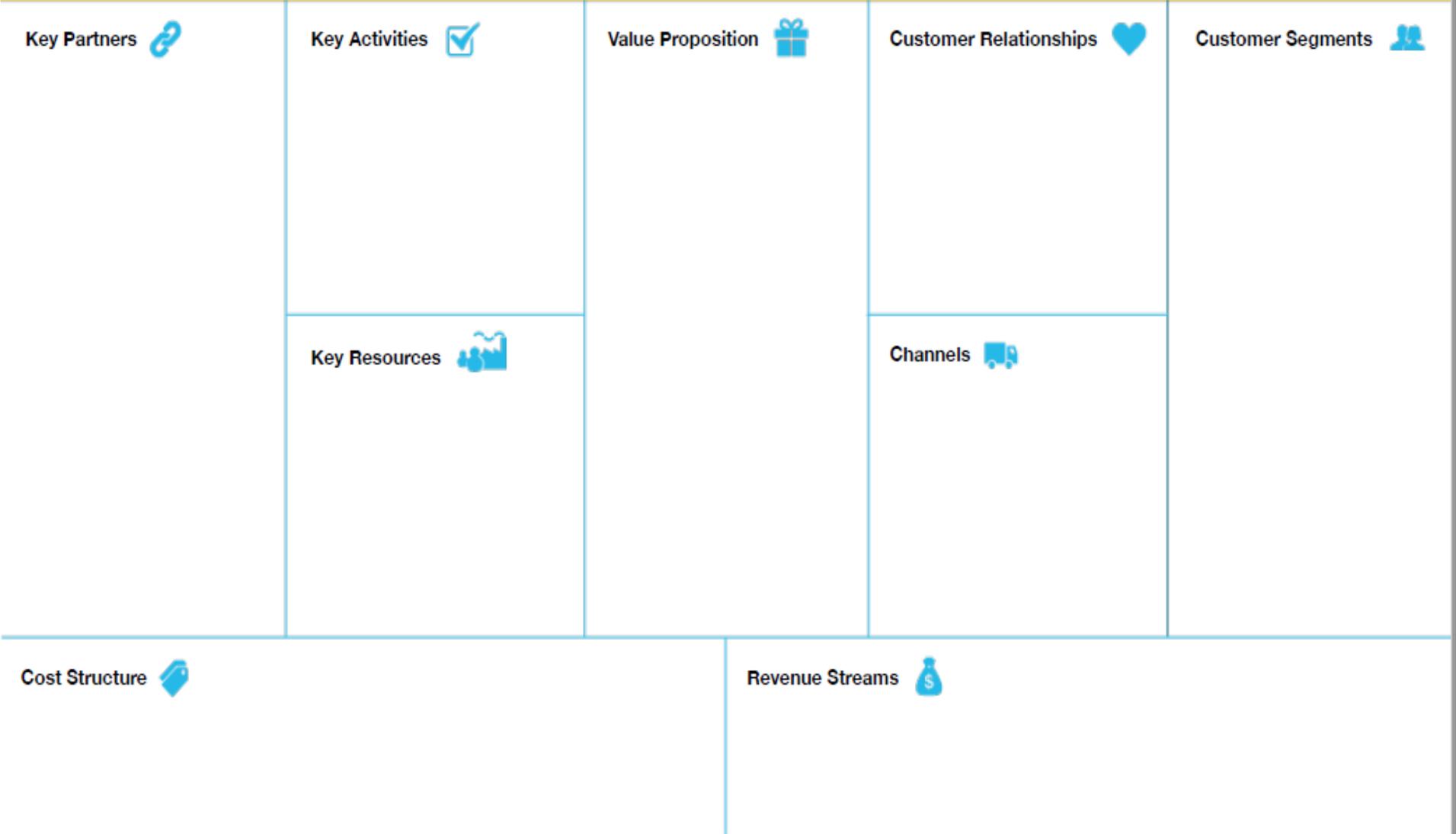


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BUSINESS MODEL CANVAS

OUR COMMON LANGUAGE!

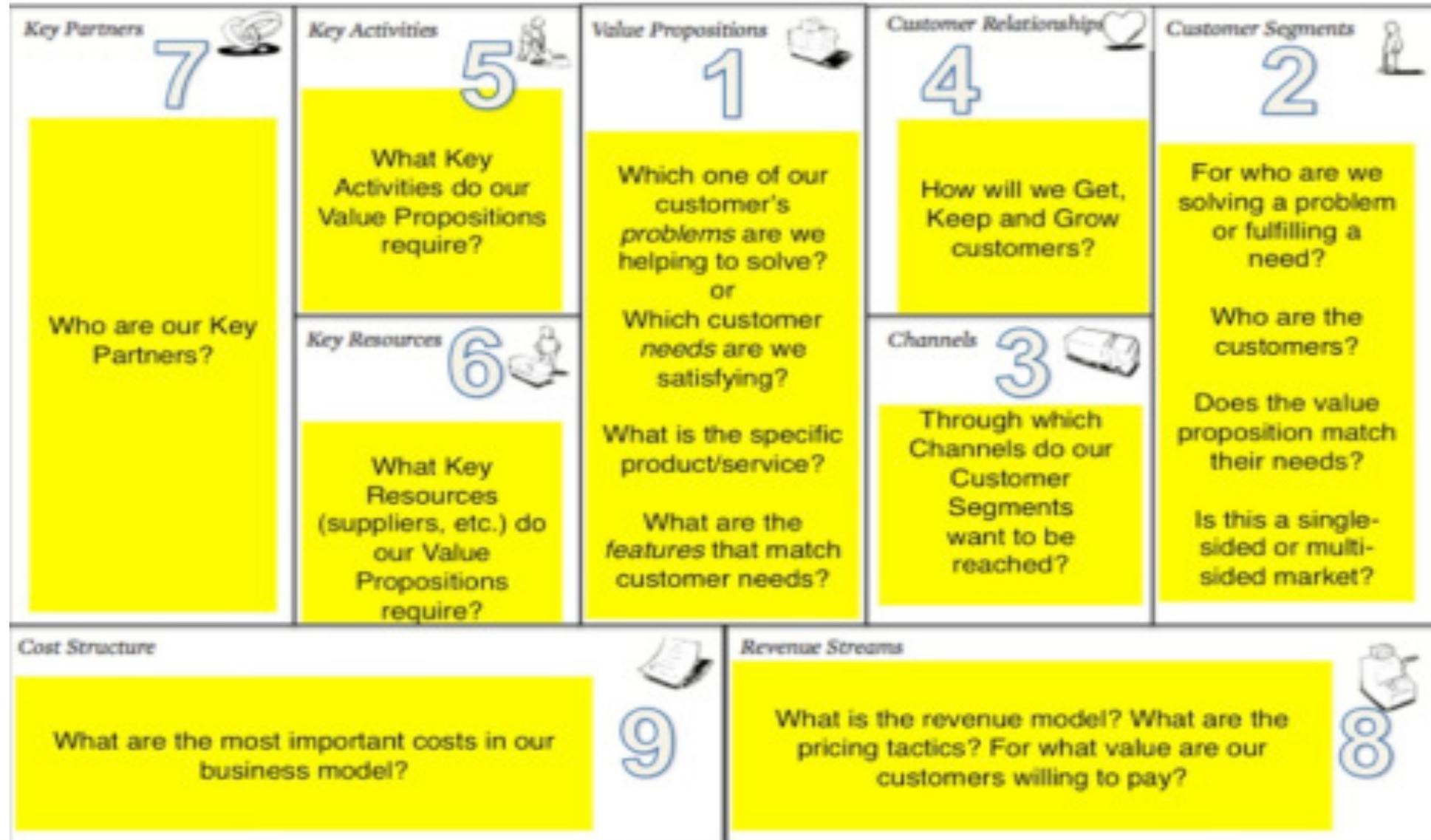


BUSINESS MODEL CANVAS

THE BUSINESS MODEL CANVAS

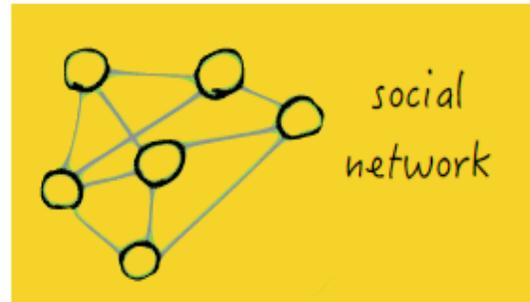
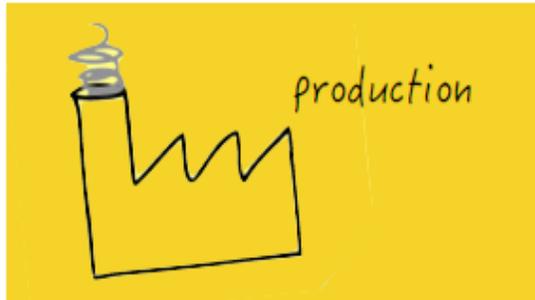
A business model canvas is to
strategic planning
what an excel spreadsheet
is to **financial planning**

BMC COMPONENTS AND GUIDING QUESTIONS



BUSINESS MODEL CANVAS

Use visuals as much as you can!



CUSTOMER SEGMENTS

- Every organization aims to meet some people's need
- Customers who share a need that they can face make a segment
- Businesses work in matching value propositions to customer segments
- Business Model must determine both
- All the customers segments can be classified in different groups
- There are different customers' segments, but we can mention these:
 - Mass Market
 - Niche Market
 - Segmented
 - Diversify
 - Multi-Sided Platform/Market

CUSTOMER SEGMENTS: EXAMPLE

[Example: Segmentation Strategies used by Apple and Samsung](#)

Both strategies are effective in their own right. However, recently Apple has been losing out on sales to Samsung, due to its narrow product line, premium image, and focus on bringing out one product at a time. But then this is the differentiation between Samsung and Apple.

CHANNELS

Channel is what the company uses for delivering value to its customers

It is also used to liaise with customers in order to get their feedback.

There are three different phases:

- Marketing
- Sales
- Distribution

Channels can be classified according to either its ownership or its nature

They must combine speed, efficiency and cost effectiveness

CHANNELS (2)

The channel must be rapid, efficient and cost effective

The channel must be tailored to convenience the end-user

In terms of property, there are:

- own channels, partner channels or a mix

In terms of presence, they can be:

- physical channels or web/mobile channels

CUSTOMER RELATIONSHIPS

With a customer, the phases are acquisition, retention and upselling. There are six main different kinds of relationships business-customer. It is useful to analyse these ones before deciding:

1. Personal Assistance.- A business representative (BR) assists customers
2. Dedicated Personal Assistance.- BR for special set of customers (Family Banker)
3. Self Service.- Customers choose and take what they want
4. Automated Services.- Offer based on clients' previous preferences (Amazon)
5. Communities.- Coordinated group of people helps business with offer
6. Co-creation.- The customers help in setting up the business' offer (Lego)

Co-Creation: Nike+ Case Study



- What's Nike+?
- It's a platform where runners and sport enthusiasts can share experiences,
- results, advices concerning different types of sport.
- The platforms work as a social network and one of the access point is the
- Nike+ app that can allow runners to track their performance, sharing
- experiences and routes.

REVENUE STREAMS

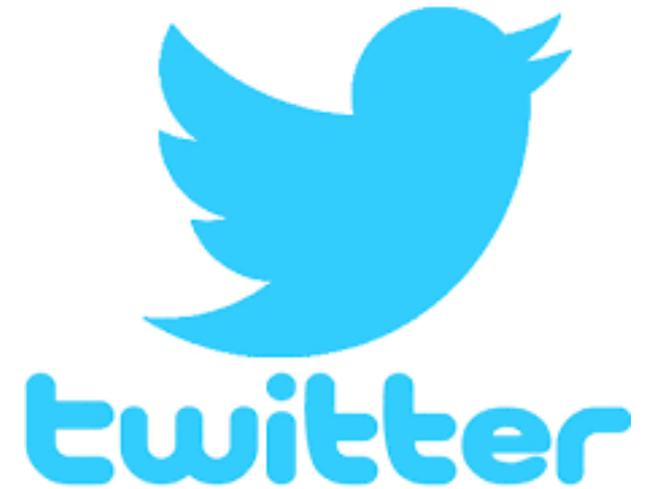
There are 7 ways a company makes income from each customer segment:

1. Asset Sale.- Transferring the ownership of a physical good
- 2.Lending/Leasing/Renting.- Selling exclusive right to an asset for a time (Xerox)
- 3.Subscription Fees.- Charging a service that is permanently offered
- 4.Usage Fee.- Charging the use of a particular service
- 5.Licensing.- Charging the use of protected intellectual property
- 6.Brokerage Fees.- Charging intermediation seller-buyer
- 7.Advertising.-Charging fees for helping others in advertising

EXAMPLE: TWITTER

Example: Twitter Revenue Streams

- Licensing Data Streams
- Promoted Accounts
- Promoted Tweets
- Analytics



KEY ACTIVITIES

- The activities that make a business survive
- Every business must identify them and include them on the business plan
- These main activities must be classified in one of the following groups:
 1. Production.- Designing, creating and delivering a physical good
 2. Problem-solving.- The main activity is to solve others' problems
 3. Platform/network.- It is related to that platform and to network in general

KEY RESOURCES

The resources every business needs to create value for its customers

They can be owned, leased or be provided by the partners of the company

There are mainly four kinds of key resources:

1. Physical resources (equipment, small assets, building, ...)
2. Intellectual resources (brands, patents, IP, ...) (see the IPR slide 84.)
3. Human resources (staff, contacts, ...)
4. Financial resources (Access to financial products)

KEY PARTNERS

Every business must hold strategical alliances with partners

Forming partnerships requires the combination of certain aspects:

Right Partnership Agreements

Defining Expectations.

Impact on your clients: must be profitable for clients

Win-Win situation: They both must get profit

Selecting partnerships: To save time and money

EXAMPLE: FACEBOOK'S KEY PARTNERS

They are Content Partners:

- Tv Shows
- Movies
- Music
- News Articles



COST STRUCTURE

Monetary consequences of every business operation

We can consider these ones:

- Cost-Driven: Minimizing costs
- Value-Driven: Trying to give their customers the best value
- Fixed Costs: Expenses don't depend on the level of business production
- Variable Costs: Depend on the volume of the company production
- Economies of Scale: Cost per unit lowers when the production increases
- Economies of Scope: Offer of other “connected” products

GENERAL REMARKS- THE STORY TELLING

- Business Model Canvas, is a forest, its components are the trees!
- What is important is the forest, maybe we have to sacrifice trees!
- No component of Model Canvas is important itself!
- The origin is the value proposition; the aim is to make a profit!
- The components and their connections must be balanced!
- They all together will lead to the profit from the value proposition!
- The management must see forest and trees in Business Model Canvas!

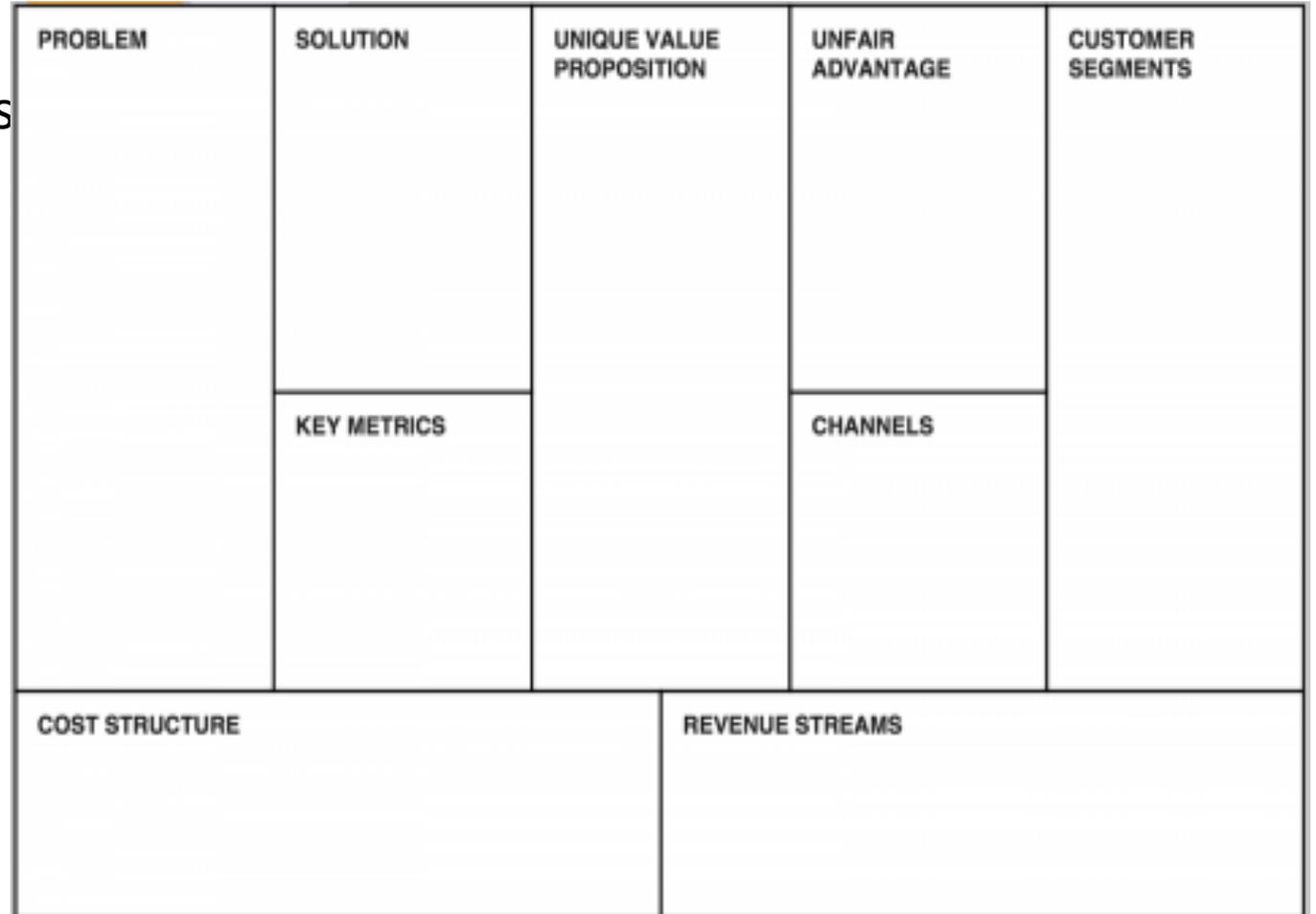
LEAN CANVAS

Lean Canvas is a Business Model Canvas, with a few differences

For entrepreneurs without previous experience and/or in a risky business

Lean Canvas modifies Canvas Model at the following aspects:

- Key Partners change into Problem
- Key Resources turns into Key Metrics
- Key Activities turns into Solution
- Customer Relationship turns into Unfair Advantages



Learning Units applied to BMC

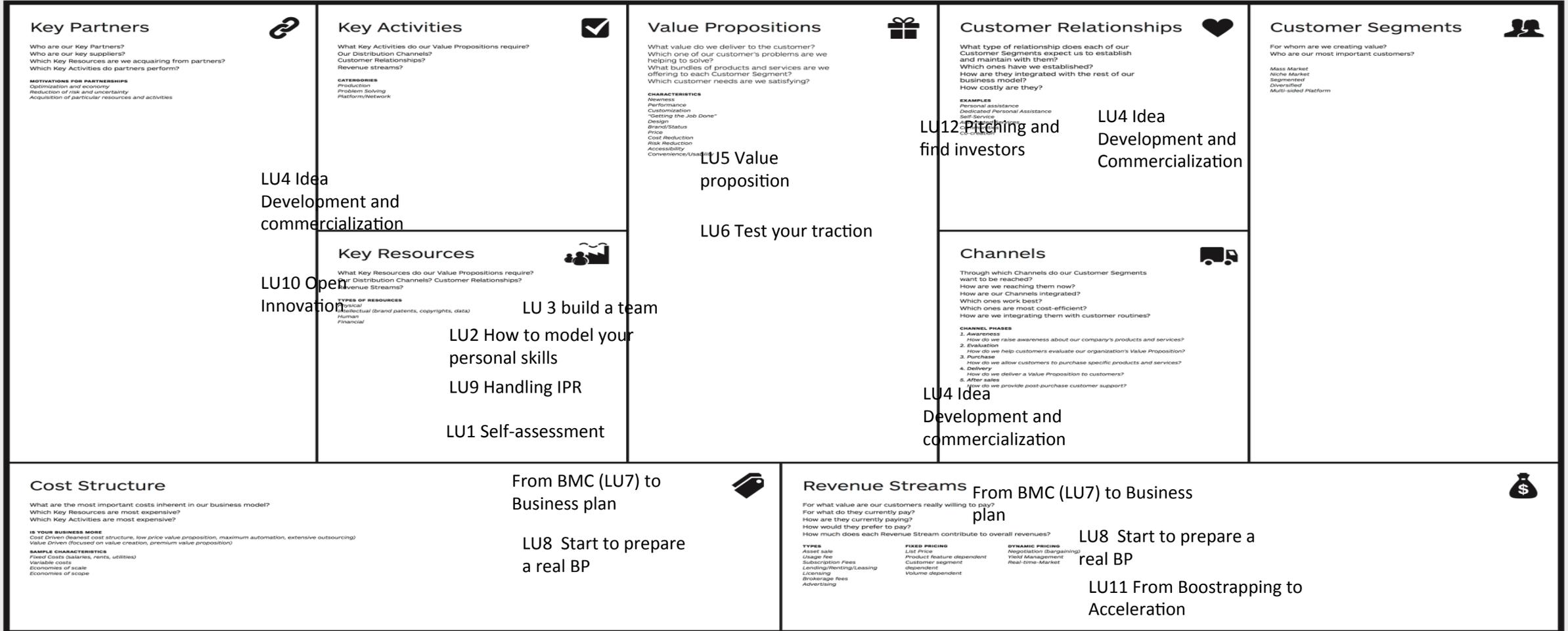
The Business Model Canvas

Designed for:

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DESIGNED BY: Business Model Foundry AG
The makers of Business Model Generation and Strategyzer

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EXAMPLES OF BUSINESS MODELS

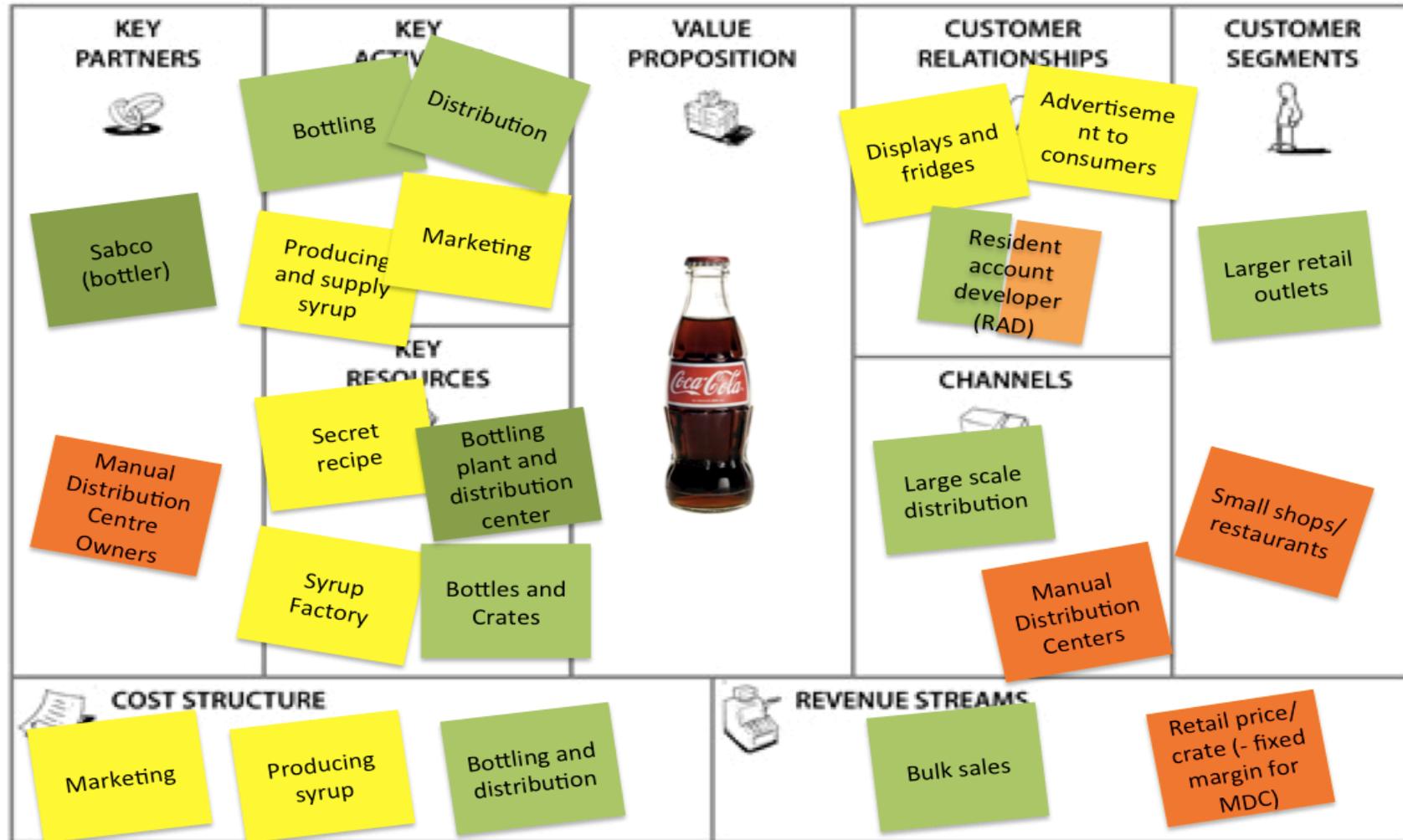


LINKEDIN BUSINESS MODEL CANVAS

LinkedIn – World’s Largest Professional Network



COCA COLA BUSINESS MODEL CANVAS



PRACTICAL EXERCISE: NOW PREPARE YOUR OWN BMC!

- You will each receive a printed business model canvas.
- You have 45' to work with your team in preparing this.
- Please remember to use sticky notes.
- Follow the instructions given already.
- You will then present your BMC within 2'.
- Q & A session follows from the trainers and your fellow
- participants!
- **Total duration of exercise: 100'.**

3.13 Legislation and regulations

- Relevant European legislation and regulations concerning entrepreneurial business in the Green area
- Be comfortable to use the general regulation factsheet per type of Green Economy created by GET UP project
 - Be Also Aware that Green Economy has often many country specific or event regional specific legislation and regulation → often makes ideas not directly replicable
- Also need to be aware of the general issues of establishing a business
- Best Common resources is the [World Bank Doing Business Report](#)
 - In detail analysis of amount of time and cost for basic establishment and dissolution of companies.

The diversity of legislation and regulation in Green issues is astounding

- EU law need to be implemented into National legislation and can be affected by regional legislation
 - This create a massive range of diversity in legislation and regulation
- One needs to understand that a Green Economy idea can be affected by a range of laws, under a variety of legal frameworks
- **As these are issues of the environment, an adequate knowledge of the legislation, permit and regulation environment is crucial to the success or failure of the initial business idea → A highly legislated and regulated business environment**
- Primary legislation consists of Acts of Parliament or statute. Secondary legislation (also called delegated legislation) is the granting of additional law-making powers to another branch of government by an Act or statute.
- Often Regulation will require coordination of different Government institutions
- Often Laws are in conflict with previous decisions and court cases can provide the solution to the issues at hand. Important to know if this is the case in your field.

[Case study Extractive industries](#) and their waste recovery:

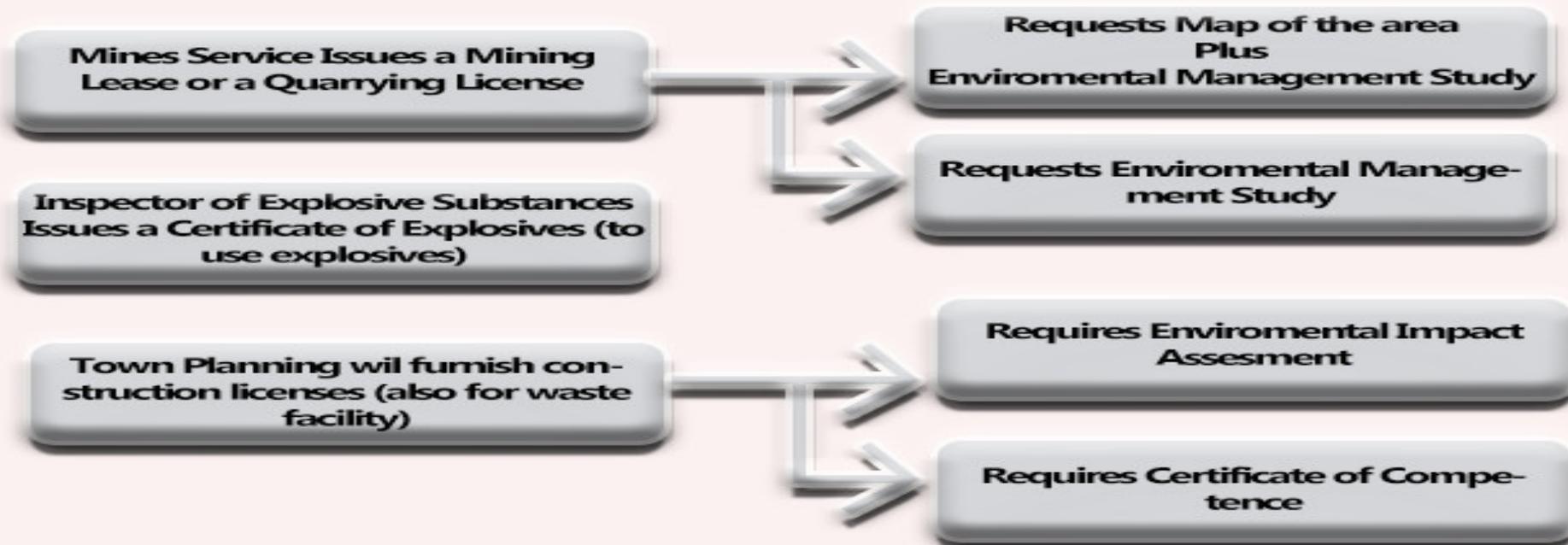
Note: Law does create a possibility for Green industry... but its complexity is mind boggling. Pick any country one wants based on the Hyperlink above.

- Cyprus: Minimum authorities for any Extractive industry, including recovery of waste material → 4
- Council of Ministers → executive body that makes final decision. Bound by court decisions. Can also make executive decisions that can have the force of law, until that law is assessed by parliament
- The mines service → responsible to collect all the relative information and provide suggestion to council of ministers
- Department of town planning → will check the zoning and building issues → Need to be aware of zoning law and building regulations
- The department of Environment → Responsible for the crucial Environmental impact assessment and the Periodical Environmental Management Study
- Legislation:
 - General Framework for waste: [Primary legislation](#) for management of waste
 - If water pollution is also tackled there is a separate [Primary legislation](#)
- Permits and licenses: See diagram in the next slide

EXPLORATION



EXPLOITATION



3.14 Business licenses and permits

- Often crucial to the success of a business idea, especially in the beginning for obtaining credibility, legal protection, receiving funds, tax compliance and wholesale benefits.
 1. There are various tools that can be used in order to gain an understanding of the business environment.
 2. The most commonly used tool is the PEST(LE) framework
 3. **PESTLE** – Political, Economic, Social, Technological, Legal, Environment

Activity:

- In groups of 3 to 4, complete a PESTLE analysis of the business environment for green businesses in the [country of the workshop]
- Based on your analysis, identify the implications for starting and developing a green business
- Summarise the key issues in an informal presentation

Remember that business licenses and permits especially for Green Entrepreneurship is crucial in the PESTEL analysis – green biz is quite license heavy.



**Thank you for taking the time to complete
this module.**

For more information

*Visit our website
Green-entrepreneurship.online*