



Prifysgol Cymru
Y Drindod Dewi Sant
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Trinity Saint David

Entrepreneurial characteristics

Trawsnewid Addysg; Trawsnewid Bywydau
Transforming Education; Transforming Lives



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Who becomes an entrepreneur

- The inventor
- The unfulfilled manager
- The displaced manager
- The young professional
- The excluded
 - (from Wickham, 1998)

Behaviours

Behaviours, Skills and Attributes of Enterprising People

Skills	Behaviours	Attributes
Problem solving	Acting independently	Self-confident
Creativity	Actively achieving goals	Autonomous
Persuasiveness	Flexibly responding to challenges	Achievement-oriented
Planning	Coping with and enjoying uncertainty	Versatile
Negotiation	Taking risky actions in uncertain environments	Dynamic
Decision making	Persuading others	Resourceful
	Commitments to make things happen	
	Opportunity seeking	
	Solving problems / conflicts	

Gibb A. , 1993

Types

Types of Entrepreneurship

Entrepreneurship type	Personality type	Attributes
Innovator	Imagination	Originality, inspiration, love, transformation
New designer / enabler	Intuition	Evolution, development, symbiosis, connection
Leader	Authority	Direction, responsibility, structure, control
New entrepreneur	Will	Achievement, opportunity, risk-taking, power
Animateur	Sociability	Informality, shared values, community, culture
Adventurer	Energy	Movement, work, health, activity

Kirkby, 2004

Personal attributes

Personal attributes of entrepreneurs Stokes et al, 2010

there is no one simple definition that fits all individuals:-

- | | | |
|----|--------------------------|----------------------------|
| 1 | Soloist | |
| 2 | key partner | |
| 3 | grouper | |
| 4 | professional | |
| 5 | inventor – researcher | Clive Sinclair |
| 6 | high tech | “techy” “geek” Bill Gates, |
| 7 | work force builder | |
| 8 | inveterate initiator | Richard Branson |
| 9 | concept multiplier | franchisor |
| 10 | acquirer | Rupert Murdoch |
| 11 | speculator | (dot.coms??) |
| 12 | turn-about artist | company doctor |
| 13 | value manipulator | Alan Sugar |
| 14 | lifestyle entrepreneur | |
| 15 | committed manager | |
| 16 | conglomerator | |
| 17 | capital aggregator | |
| 18 | matriarch or patriarch | family business |
| 19 | going public | ipo |
| 20 | alternative entrepreneur | |

Characteristics of entrepreneurs

"It's not the critic who counts, nor the observer who watches from a safe distance. Wealth is created only by doers in the arena who are marred with dirt, dust, blood, and sweat. These are producers who strike out on their own, who know high highs, and low lows, great devotions, and who overextend themselves for worthwhile causes. Without exception, they fail more than they succeed and appreciate this reality even before venturing out on their own. But when these producers of wealth fail, they at least fail with style and grace, and their gut soon recognizes that failure is only a resting place, not a place in which to spend a life-time. Their places will never be with those nameless souls who know neither victory nor defeat, who receive weekly pay-cheques regardless of their week's performance, who are hired hands in the labour in someone else's garden. These doers are producers and no matter what their lot is at any given moment, they'll never take a place beside the takers, for theirs is a unique place, alone, under the sun."

- Joseph R. Mancuso (US Centre for Entrepreneurial Management), in Dewhurst, Burns and Dewhurst

Characteristics of entrepreneurs

- Dewhurst in Burns & Dewhurst (1996)
 - Doers
 - Sweat
 - Overextending
 - Venturing alone
 - Style and Grace

Characteristics of entrepreneurs

- Doers
 - Belief driven
 - Desire to succeed
 - Want to achieve new and challenging goals
 - Hate delay, like to get on with the work in hand
 - Accept obstacles, believe they can overcome all obstacles

Characteristics of entrepreneurs

- Sweat
 - Commitment
 - Perseverance
 - Hard work and single-mindedness
 - Work as a hobby, hobby as work
 - Determination

Characteristics of entrepreneurs

- Overextending
 - Failure is a learning experience
 - Quick learners
 - Need to know how well (or how badly) they are doing (importance of feedback)

Characteristics of entrepreneurs

- Venturing alone
 - Calculated risk takers, maximising odds in their favour
 - Long term strategic planning
 - Goal orientation

Characteristics of entrepreneurs

- Style & Grace
 - Reputation for reliability and integrity is important
 - Flexible and creative
 - Vision

Dark side of entrepreneurship

- (Entrepreneurs are difficult/impossible employees)
 - Control
 - Quirks
 - Social attitudes
 - Hardship, self-reliance and discipline
 - Dewhurst (1996)

Dark side of entrepreneurship

- Control
 - Difficulty of 'controlling'
 - Importance of motivating and empowering employees
 - Recognition that staff may not necessarily have the same drive/vision as an entrepreneur

Dark side of entrepreneurship

- Quirks
 - Unconventional approaches
 - Need for recognition
 - Power

Dark side of entrepreneurship

- Social attitudes
 - Negative British attitude to entrepreneurial traits
 - Production/manufacturing as a poor relation to the rest of the economy
 - Low public image of the 'self-made person'

Dark side of entrepreneurship

- Hardship, self-reliance and discipline
 - Difficult to rely on others
 - Lack of support
 - Isolation

Failure: Part of the Creative Process!

- For every 3,000 new product ideas:
 - Four make it to the development stage.
 - Two are actually launched.
 - One becomes a success in the market.
- On average, new products account for 40% of companies' sales!!
- Creativity is an important source of building a competitive advantage.

Right-Brained, Creative Thinkers

- Always ask: “Is there a better way?”
- Challenge custom, routine, and tradition.
- Are reflective.
- Are prolific thinkers.
- Play mental games.



Right-Brained, Creative Thinkers

- Realise that there may be more than one “right” answer.
- Know that mistakes are pit stops on the way to success.
- Recognize that problems are springboards for new ideas.



Right-Brained, Creative Thinkers

- Understand that failure is a natural part of the creative process.
- Relate seemingly unrelated ideas to a problem.
- Have “helicopter skills.”



Left-Brained or Right-Brained?

- Entrepreneurship requires both left-and right-brained thinking.
 - Right-brained thinking draws on divergent reasoning, the ability to create a multitude of original, diverse ideas.
 - Left-brained thinking counts on convergent reasoning, the ability to evaluate multiple ideas and to choose the best solution to a problem.





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Lecture 5

Market Research

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DISCUSSION

- Why do we need to do Market Research?

- We need to find out about the:
 - Market/Industry
 - Customers
 - Competitors

DISCUSSION

- How are we going to find out the answers?
- How can we collect the data?

Advantages and disadvantages of different processes

- Using the methods previously discussed
- Which methods are most useful for an entrepreneur starting a new business?

A Comparison of Primary and Secondary Data

	Primary Data	Secondary Data
Collection purpose	For the main problem at hand	For other problems
Collection process	Very involved	Rapid and easy
Collection cost	High	Relatively low
Collection time	Long	Short

Secondary research

- Useful for:
 - Customers: buying trends.
 - Competitors: what they are up to
 - Markets: Market reports, market size, growth potential etc. e.g. Marketline.

Primary Research

- Understanding how potential customers view our product or service.

DISCUSSION

- What types of primary research are there?

Types of Primary Research

- Focus groups
- Interviews
- Questionnaires
- Think of your resources: time, quality and money

Industry/Market Research

- Why?
- Why do this first?
- How?
 - Trade/specialist magazines
 - News
 - Market reports

Competitor Research

- Walk around High St
- Visit premises
- Look at websites
- Ask customers

Customer Research

- Identify potential customers. Talk to them and find out about their needs. If you can, make a basic version of your product or service (a 'prototype'). Work out the cheapest and quickest way of making something that lets you find out if you're meeting a real customer need.
- Test it with them and get feedback. Find out what they'd be willing to pay for it. Try out different prices with different customers in a consistent, realistic way to see what people will really pay. Can you make enough money for a return on your investment?
- If there are other businesses competing for your market, think about what will make you different. Can you provide something better than what's already available?

Customer Research

- What things can you find out about your customers?

How do you identify potential customers?

- Who will buy our product or service?
- What makes our product different - it's unique selling point (USP)

Identify potential customers to research

- If you have an existing customer base ask them
- If a new product focus on target markets
 - All consumers?
 - Age group?
 - Men?
 - Teenagers?

Identify potential customers to research

- Look at people who buy a similar product
- Look at competitors

Questionnaire design

- Now we have identified who we are going to research, what sort of questions are we going to ask?

Questions

- We need to find out if people are interested in your product in the first place
 - If not, why not?
- Do they have any concerns?
 - E.g. the quality of your product
- What do they think about the competitors offers?
 - Are competitors fulfilling their need
 - What they think could be improved
- What price are they willing to pay?

Question Design

- Quantitative questions
- Qualitative questions

- Wording of questions
 - Impartial non-loaded questions
 - Ask the relevant people
 - Ask enough people
-
- Collecting and assessing the data
 - Be impartial, realistic when interpreting the results.

VIDEO - Market Research

TASK

- You have been tasked with finding out students view the new Cafeteria
- Design a questionnaire of no more than 10 questions to find out student opinions



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What is a Business Plan?

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Writing a Business Plan

- Writing a Business Plan is not a difficult process - and a good business plan focuses the mind as well as helping to secure finance and support.
- The business plan will clarify your business idea and define your long-term objectives. It provides a blueprint for running the business and a series of benchmarks to check your progress against. It is also vital for convincing your bank - and possibly key customers and suppliers - to support you.

Assignment 2 – Due 1st July 2020

You, and a group of fellow students, will investigate the potential to set up a business. You will be required to:

- Write a Business Plan to create a sustainable and viable business
- You will need to develop a persuasive business idea to gain funding from potential investors
- Your Business Plan should include financial information relating to 'start-up' funding and show how resources are allocated throughout the Business Plan
- You must show evidence that you have researched your concept using primary and secondary methods. Potential shareholders will require this information as part of your detailed Business Plan.
- Within your group (maximum of 5) you will form your own management team. You should detail the tasks each member has been allocated, minute all meetings and note attendance all meetings. Minutes should be comprehensive and professionally presented.
- The group can hire and fire team members
- All primary research (e.g. questionnaires) should be included in the final presentation with appendices
- All sources of information should be referenced (primary and secondary) within a
- bibliography

N.B. All assessments will be scored on the performance of the individual and not the group performance.

10 KEY SECTIONS IN A BUSINESS PLAN

Section 1 – Executive Summary

- The executive summary outlines your business proposal. Although it is the last section to be written, it goes on the first page of the business plan. It will be read by people unfamiliar with your business, so avoid jargon.
- The executive summary highlights the most important points and should sum up six areas.

Executive Summary – 6 key areas

1. Your product or service and its advantages. (What your new business is)
2. Your opportunity in the market. (why you expect to be successful)
3. Your management team.
4. Your track record to date (what have you done that helps an investor want to support you).
5. Financial projections. (what your profits will be in the short, medium and long term)
6. Funding requirements and expected returns. (How are you going to fund the business and what profits you expect)

Section 2 – The Business

- This section explains the background to your business idea and includes:
- The length of time you have been developing the business idea in its present form
- Work carried out to date
- What related experience you have.
- The proposed ownership structure of the business.

Explain, in plain English, what your product or service is. Make it clear how:

- it will stand out as different from other products or services
- your customers will gain through buying your product or service
- the business can be developed to meet customers' changing needs in the future
- It is important to cover any strengths or weaknesses you feel the business may have. Be frank about these - it inspires confidence.

Section 3 – Markets and Competitors

- This section focusses on the segments of the market you plan to target - for example, local customers or a particular age group.
- Indicate how large each market segment is and whether it is growing or declining.
- Illustrate the important trends - and the reasons behind them.
- Outline the key characteristics of buyers in each segment (eg age, sex or income).
- Mention customers you have already lined up and any sales you have already achieved.

Section 4 - What are your main competitors? What are the competing products and who supplies them?

- List the advantages and disadvantages of all your competitors and their products.
- Explain why people will desert established competitors and buy from you instead
- Show you understand your competitors' reaction to losing business and demonstrate how you will respond to it.
- Unless there is a viable market and you know how you are going to beat the competition, your business will be vulnerable. You must show you have done the market research needed to justify what you say in the plan.

Section 5 – Promotion, Sales and marketing

- This section is crucial. It often gives a good indication of the business' chances of success:
- How will your product or service meet your customers' specific needs?
- How will you position your product?
- This is where you show how your price, quality, response time and after-sales service will compare with competitors.
- Quote minimum order figures, if appropriate.

How will you sell to customers?

- For example, by phone, through your website, face-to-face or through an agent.
- Show how long you predict each sale will take. Many new businesses underestimate the time involved in winning each order. In year one you may spend up to 80 per cent of your time making contacts and selling.
- Will you be able to make repeat sales? If not, it will be hard to build up volume.

How will you promote your product?

For example, using advertising, PR, direct mail or via email and a website?

What contribution to profit will each part of your business make?

- Most businesses need more than one product, more than one type of customer and more than one distribution channel.
- Look at each in turn. Examine your likely sales, gross profit margins and costs.
- Identify where you expect to make your profits and where there may be scope to increase either margins or sales.

Section 6 – Customer base - Who will your first customers be?

- Show which customers have expressed an interest or promised to buy from you and the sales they represent.
- How will you identify potential customers?
- You need to demonstrate that you have a clearly defined pool of potential customers, starting your business is likely to be a struggle – market research!

Section 7 - Management

- People reading the business plan need to be given an idea of why they should have faith in the management of your start-up.
- Outline the management skills within your team.
- Define each management role and who will fill it.
- Show your strengths and outline how you will cope with any weaknesses.
- Describe the background and experience of each team member.

- Clarify how you intend to cover the key areas of production, sales, marketing, finance and administration.
- Management information systems and procedures should be outlined. For example, management accounts, sales, stock control and quality control.
- Show how many 'mentors' and other supporters you will have access to.
- Show how committed you are!
- Banks and any other potential investors will want to be sure you are committed to the business. Show how much time and money each of the management team will contribute, and what your salaries and benefits will be.

Section 8 - Operational issues

- Explain what facilities the business will have and how it will deliver the product or service to the customer.
- Show the pros and cons of the location.
- Indicate the facilities you will need to start (eg equipment and machinery). Some start-up businesses only need a desk and a phone.
- Consider any potential limits to capacity.
- Provide a list of employee roles you need to fill and the skills required to fill them.
- How do you select your suppliers?

Keep it real!

- Sales forecasts produced for start-up businesses are often over-optimistic. Here are some important reality checks.
- How soon can you start selling?
- Will potential customers hold off for a year before they take you seriously and place an order?
- How many days a week can you sell your product?
- How long will it take to line up your first customers?

How much will you be able to sell?

- What will the average sale value be?
- Will most customers return or must you find new customers each time?
- In the business you create how long after a sale will it be before you can collect payment?
- How much income can you realistically expect each month?

Section 9 - Financial forecasts

- Your financial forecasts translate what you have already said about your business into numbers.
- A realistic sales forecast forms the basis for all your other figures.
- Break the total sales figure down into its components (e.g. different types of products or sales to different types of buyer).

- Your cashflow forecast shows how much money you expect to be flowing into and out of your bank account and when. You must show that your business will have access to enough money to survive.
- Demonstrate that you have considered the key factors affecting cashflow – e.g. level and timing of sales revenue, wages.
- Show when there will be more money coming in than going out ('cash-positive').

- Your profit and loss (P&L) forecast gives a clear indication of how the business will move forward. Summarise the annual P&L forecast for each of the first two or three years of trading therefore you will also need projected balance sheets.
- These will show you the financial state of your business on day one and at year end, perhaps for the first two or three years.

Section 10 - Financial investment requirements

- The cashflow forecast will show how much finance the business needs. Your assessment of the risks will determine whether or not you need to arrange contingency financing.
- How much finance you will want, when and in what forms.

- For example, you might want a fixed-interest loan and an overdraft facility.
- What the finance will be used for?
- Show how much will be for buying equipment and how much for working capital (financing stock and debtors).
- Confirm that you will be able to afford it.
- Assessing the risks (SWOT analysis)
- Look at the business plan and isolate areas where something could go wrong (e.g. if your main supplier closes down).
- What you would do if it actually happens?

- Consider a range of what-if scenarios (eg what happens to your cashflow if sales are 20 per cent lower or 15 per cent higher than forecast). If there are serious risks:
- you can arrange contingency funding to cover the finance you may need
- you may decide that the business is too risky and abandon the whole project.
- Assessing risk will help you minimise problems and help build up your credibility with any investor or bank.

Appendices

- Detailed financial forecasts (monthly sales, monthly cashflow, P&L) should usually be put in an appendix.
- Include a detailed list of assumptions.
- For example, the profit margin on each product, debtor collection period, creditor payment period, stock turn, interest and exchange rates, equipment purchases.

You may want to give other relevant information:

- Detailed CVs of key personnel (essential if you are seeking outside funding).
- Market research data.
- Product literature or technical specs.
- Names of target customers.
- A list of external data sources used in your research will add credibility to the information.

Some advice!

- Presenting the plan
- The more solid information you can gather for your own use, the better the business plan will be. But a banker or other outsider will not have time to read through all the details.
- Keep your business plan short.
- Most business plans are too long. Focus on what the reader needs to know.
- Make it look professional.
- Put a cover on the business plan and give it a title.
- Include a contents page.

Some final advice

- Test it.
- Re-read it yourself. Would reading your plan give an outsider a good feel for your business and a grasp of the key issues?
- Show the plan to friends and expert advisers and ask them for comments

How do we assess your Business Plan?

All the sections are marked out of 10

1. Executive Summary (10 marks available)
2. The Business (10 marks available)
3. Market Opportunities (10 marks available)
4. Competitors (10 marks available)
5. Promotion / Marketing (10 marks available)
6. Customer base (10 marks available)

- 7. Management (10 marks available)
- 8. Operational issues (10 marks available)
- 9. Financial forecast (10 marks available)
- 10. Investment required (10 marks available)

Total available marks for the Business Plan = 100

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VIDEO – Google Forms

How to Create a Survey with Google Forms