



ENTREPRENEURSHIP 101: Keys to Starting a Business

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Entrepreneurial Leadership Center

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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

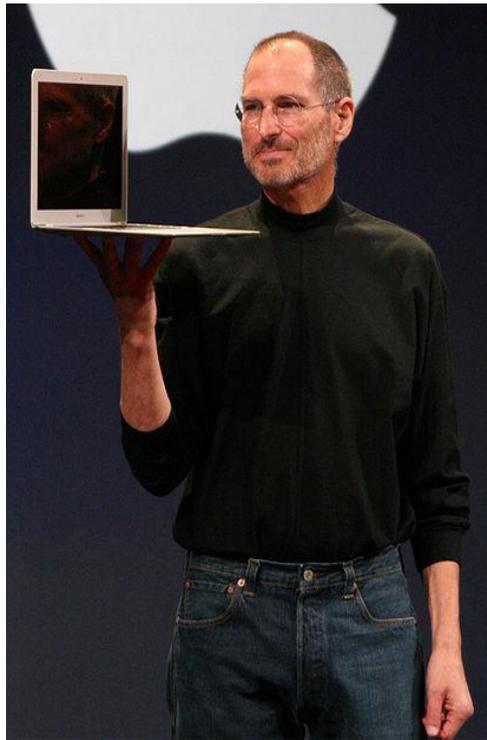


Donald Trump





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 framework¹
 - 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



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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.
 - “Business plans handbook. Volume 10 : a compilation of actual business plans developed by small businesses throughout North America. “ Lynn Pearce, editor.



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/
- <http://online.wsj.com/public/page/news-small-business-marketing.html>



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Entrepreneurship is a journey
that begins with an idea.



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