

ENTREPRENEURSHIP CAREER

FB-LS Workshop - Module 1

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FB-LS

FINANCIAL & BUSINESS LITERACY IN SPORT WORKSHOPS

Module 1: Entrepreneurship Career

Module 2: Continuing Development and Self-Improvement

Module 3: Reflective Learning

Module 4: Managing Individual Change

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ENTREPRENEURS

WHAT IS AN ENTREPRENEUR?

- An individual who undertakes the risk associated with creating, organizing, and owning a business

PERSONAL CHARACTERISTICS OF SUCCESSFUL ENTREPRENEURS

- persistent • creative • responsible • inquisitive
- goal-oriented • independent • self-confident • risk taker

SKILLS NEEDED BY SUCCESSFUL ENTREPRENEURS

- communication skills
- human relations skills
- math skills
- problem-solving and decision-making skills
- technical skills
- basic business skills





FIVE STEPS OF THE ENTREPRENEURIAL PROCESS

- 1. Discovery
- 2. Concept development
- 3. Resourcing
- 4. Actualization
- 5. Harvesting





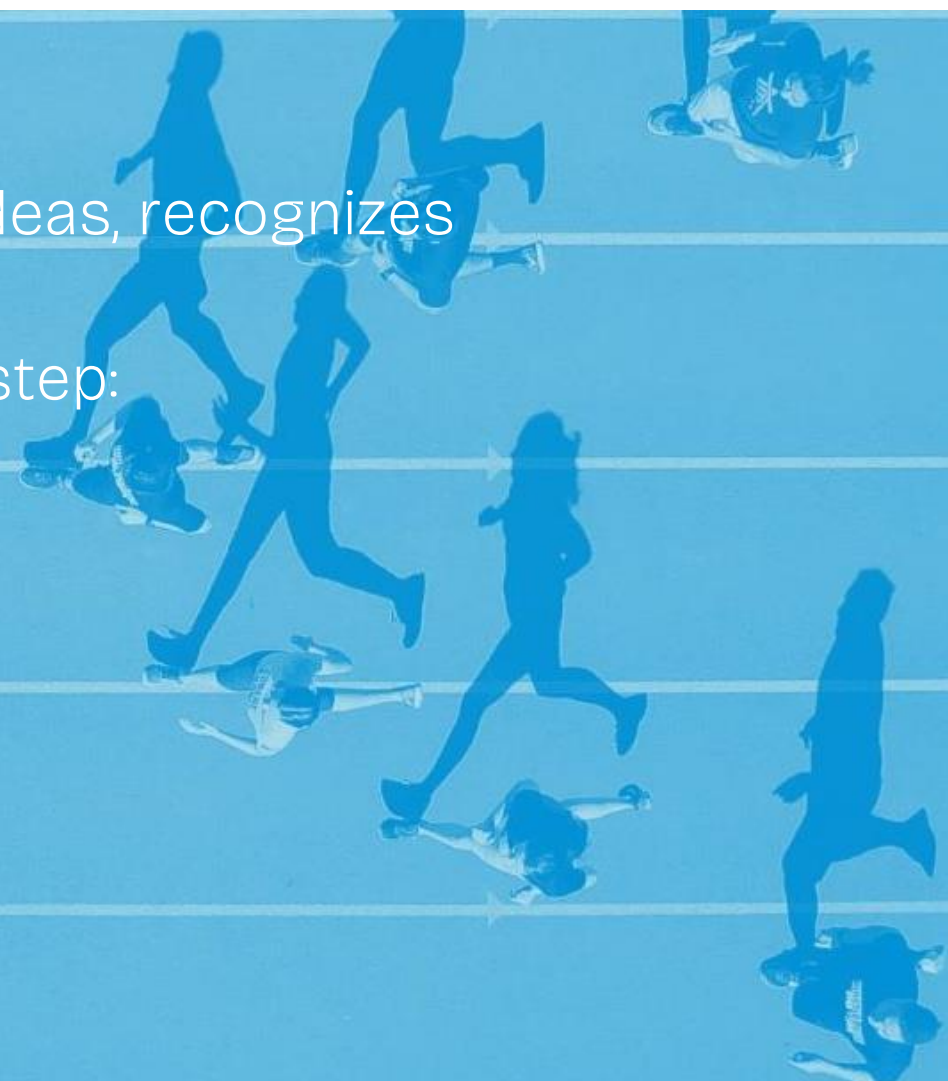
FIVE STEPS OF THE ENTREPRENEURIAL PROCESS

1. DISCOVERY

The stage in which entrepreneur generates ideas, recognizes opportunities, and studies the market

Entrepreneurs consider the following in this step:

- hobbies or skills
- consumer needs and wants
- conduct surveys and questionnaires
- study demographics





FIVE STEPS OF THE ENTREPRENEURIAL PROCESS

2. CONCEPT DEVELOPMENT

Entrepreneurs prepare the following in this step:

- develop a business plan (a detailed proposal describing the idea)
- choose location for the business (e.g., is the business online or does it have a physical location for customers to visit?)
- decide if the idea will need a patent (protection of the invention of products or processes from theft), trademark (protection of a business' name/logo) or copyrights (protection of creative works)



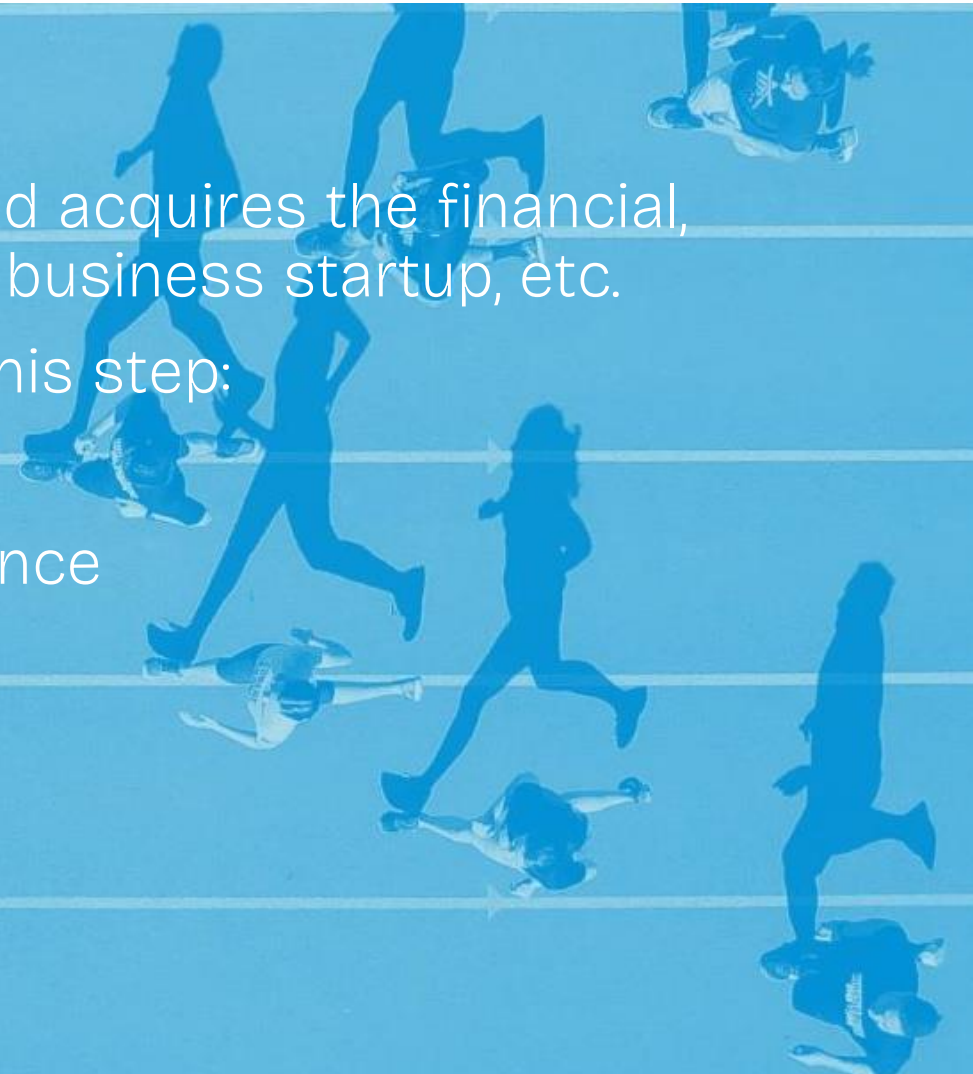
FIVE STEPS OF THE ENTREPRENEURIAL PROCESS

3. RESOURCING

The stage in which entrepreneur identifies and acquires the financial, human, and capital resources needed for the business startup, etc.

Entrepreneurs contemplate the following in this step:

- identify potential investors
- apply for loans, grants and financial assistance
- hire employees





FIVE STEPS OF THE ENTREPRENEURIAL PROCESS

4. ACTUALIZATION

The stage in which entrepreneur operates the business and utilizes resources to achieve its goals

Entrepreneurs prepare for the following in this step:

- grand opening of the business
- day-to-day operations of the business





FIVE STEPS OF THE ENTREPRENEURIAL PROCESS

5. HARVESTING

The stage in which entrepreneur decides on business' future growth, development, or demise

In this step, entrepreneurs prepare plans for:

- expansion to additional locations, markets, etc.
- company to change structure





DEVELOPING A BUSINESS PLAN

WHAT IS A BUSINESS PLAN?

A business plan is a written document that describes all the relevant internal and external elements and strategies for starting a new business; it is a integration of functional plans such as marketing, finance, manufacturing, sales and human resources





DEVELOPING A BUSINESS PLAN

FUNCTIONS OF A BUSINESS PLAN (WHY IT SHOULD BE PREPARED?)

The business plan is valuable to the entrepreneur, potential investors, or even new personnel, who are trying to familiarize themselves with the business (it is therefore used by internal and external audiences):

- it helps determine the viability of the business in a designated market
- it provides guidance to the entrepreneur in organizing his or her planning activities
- it serves as an important tool in helping to obtain financing from lenders and investors



DEVELOPING A BUSINESS PLAN

WHO PREPARES A BUSINESS PLAN?

A business plan should be prepared by the entrepreneur; however, the entrepreneur may consult with many external sources when preparing the plan: lawyers, accountants, marketing consultants, engineers, etc.





DEVELOPING A BUSINESS PLAN

THREE TESTS A GOOD BUSINESS PLAN MUST PASS

1. The reality test => proving that:

- a market really does exist for the product or service
- one can actually build or provide within given cost estimates

2. The competitive test => evaluating:

- a company's position relative to its competitors
- management's ability to create a company that will gain an edge over its rivals

3. The value test => proving that:

- the business offers investors or lenders an attractive rate of return or a high probability of repayment



DEVELOPING A BUSINESS PLAN

TIPS FOR A GOOD BUSINESS PLAN

1. Include the table of contents with page numbers
2. Start with an executive summary, followed by a standardized structure
3. It must be long enough to provide sufficient information yet short enough to maintain reader interest; for most plans, 25-35 pages is sufficient
4. Along with facts and figures, the plan needs to project a sense of anticipation and excitement about the business possibilities
5. Clearly communicate, how it will make money; use spreadsheets for realistic financial forecasts; include cash flow projections
6. Tell the truth
7. Check for errors (both content and grammar)
8. Remember that first impressions count => make it visually appealing throughout, starting with an attractive cover

STRUCTURE OF A BUSINESS PLAN



BE CREATIVE: BUT WITH A BUSINESS IDEA, NOT WHEN STRUCTURING THE PLAN

To make the best impression a business plan should follow a conventional structure:

- although some entrepreneurs want to demonstrate creativity, departing from the basic structure of the conventional business plan is usually a mistake
- typically, investors are busy people and want a plan where they can easily find critical information

STRUCTURE OF A BUSINESS PLAN

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- 1. Introductory page
- 2. Executive summary
- 3. Problem description
- 4. Business (solution) description
- 5. Market (industry) analysis
- 6. Comp. advantage & strategy
- 7. Marketing plan
- 8. Production & operational plan
- 9. General schedule
- 10. Organizational plan
- 11. Financial plan
- 12. Appendices

STRUCTURE OF A BUSINESS PLAN



1. INTRODUCTORY PAGE

- name and address of business
- name(s) and address(es) of principal(s)
- nature of business
- statement of financing needed
- statement of confidentiality of report

2. EXECUTIVE SUMMARY (two to four pages summarizing the complete business plan)

- what is the business concept or model?

- how is this business concept or model unique?
- who are the individuals starting this business?
- how will they make money and how much?

3. PROBLEM DESCRIPTION

- problem that stimulated the business idea
- how did you detect the problem?
- who has the problem?



STRUCTURE OF A BUSINESS PLAN

4. BUSINESS DESCRIPTION

(solution to the problem)

- presents product or service being offered
- unique features of your product(s) and/or service(s)
- how will your products/services solve the problem?
- size of the business

5. MARKET (INDUSTRY) ANALYSIS

- future outlook and trends (e.g., economic and demographic data)

- analysis of customers
- analysis of competitors
- market segmentation
- market and industry forecasts

6. COMPETITIVE ADVANTAGE AND STRATEGY

- what will be your business' competitive advantage in the market?
- mission and vision statement
- measurable goals
- growth opportunities

STRUCTURE OF A BUSINESS PLAN



7. MARKETING PLAN (describes how the business will make its customers aware of its products/services)

- 4P marketing mix (product, pricing, placement, promotion) decisions

8. PRODUCTION AND OPERATIONAL PLAN (includes all processes involved in producing and/or delivering the product or service to the customer)

- manufacturing/operations process (amount subcontracted if applicable)
- physical plant
- machinery and equipment
- names of suppliers of raw materials
- flow of orders for goods and/or services

9. GENERAL SCHEDULE (includes key activities in the first year)

- chart with (usually weekly) activities



STRUCTURE OF A BUSINESS PLAN

10. ORGANIZATIONAL PLAN

- form of ownership
- organizational structure (employees' roles and responsibilities)
- management personnel (background, qualifications)
- qualifications of employees
- key employment policies

8. FINANCIAL PLAN (includes financial statements that will help forecast the future financial health of

the business)

- pro-forma income statement
- cash flow projections
- pro forma balance sheet
- break-even analysis
- sources and applications of funds

9. APPENDICES (contains backup material)

- e.g., letters, market research data, leases or contracts, price lists from suppliers, etc.



PRESENTING A BUSINESS PLAN

WHY PRESENTING A BUSINESS PLAN?

It is often necessary for an entrepreneur to orally present the business plan before an audience of potential investors

TIPS FOR ORAL PRESENTATION

- always follow directions and time limits => never talk for more than the allotted time (usually 15-20 minutes)
- the presentation should be smooth and well-rehearsed
- avoid using technical terms that are above most of the audience
- demonstrate enthusiasm but don't be overly emotional
- hook investors quickly with an up-front explanation of the new business, its opportunities, and the anticipated benefits to them => offer proof as much as possible
- the smart entrepreneur has a good idea of the questions that will be asked, and will be prepared for those queries
- follow up with every investor to whom you make a presentation

IMPLEMENTING A BUSINESS PLAN

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AFTER PLANNING, IMPLEMENT AND CONTROL

- the business plan should not end up in a drawer once the financing has been attained and the business launched => it is designed to guide the entrepreneur through the first year of operations
- implementation of the plan contain control points to ascertain progress and to initiate contingency plan if necessary
- measuring plan progress means checking the profit and loss statement, cash flow projections, and information on inventory, production, quality, sales, collection of accounts receivable, and disbursements for the previous month

IMPLEMENTING A BUSINESS PLAN

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UPDATE THE PLAN IF NECESSARY

- even good business plans can become outdated if conditions change
- if the changes are likely to affect the business plan, the entrepreneur should determine what revisions are needed
- in this manner, reasonable targets and goals can be maintained





WHY SOME BUSINESS PLANS FAIL?

COMMON REASONS FOR BUSINESS PLAN FAILURES

- assumptions linked with the business environment were completely unrealistic
- goals set by the entrepreneur were unreasonable
- goals were not measurable
- the entrepreneur has not made a total commitment to the business
- the entrepreneur has no experience in the planned business
- the entrepreneur has no sense of potential threats or weaknesses to the business
- no customer need was established for the proposed product or service



QUESTIONS?

