



Co-funded by the
Erasmus+ Programme
of the European Union




**STUDY GUIDE
TEACHING
ENTREPRENEURSHIP**

Erasmus+

Study Guide

Teaching Entrepreneurship



This educational guide is designed for educators and trainers working with youth to teach and explore entrepreneurship. It includes practical information, hands-on activities to help youth to develop entrepreneurial skills and mindset. It will boost their creativity, inspire curiosity, teach them to think like an entrepreneur, identify and see the needs, improve problem solving skills to fill the needs by creating products or services for the society.

The guide was developed within the framework of "Youth Resource Centre for employability, entrepreneurship education and community development" project by group of experts from Azerbaijan and Lithuania. The project is funded by Erasmus+ programme and implemented by "Bridge to the Future" Youth Public Union.

The guide, Teaching Entrepreneurship, will play essential role in providing entrepreneurial training and workshops on brainstorming, ideation, problem solving, brand development and pitching skills for local youth.

We thank our experts Sevinj Mammadova, Ayten Pashayeva and Rima Kontautienė for their work and contribution to the project.



Erasmus+

CONTENTS

MODULE I. INTRODUCTION TO ENTREPRENEURSHIP	4
MODULE II. ENTREPRENEURIAL SKILLS.....	9
MODULE III. BUILD YOUR TEAM	13
MODULE IV. INVENT YOUR PRODUCT	19
MODULE V. WRITE YOUR BUSINESS PLAN.....	24
MODULE VI. GET LEGAL – SETTING UP A COMPANY	29
MODULE VII. PLAN YOUR MARKETING	36
MODULE VIII. CREATE A SALES PITCH	44
MODULE IX. SOCIAL ENTREPRENEURSHIP	49

About the guide

"Teaching Entrepreneurship" is an educational guide designed for educators and trainers. It includes practical information, hands-on activities for the students to develop entrepreneurial skills and mindset. The entrepreneurial education is a process with a set of stages and events that follow one another. These entrepreneurial process stages are: the idea or conception of the business, the event that triggers the operations, implementation and growth. The sessions of the guide introduce basics of the entrepreneurship and various stages of the process.

The program teaches effective brainstorming, teamwork, design-thinking, and conducting market research, practicing pitching and presenting their ideas. They will become aware of opportunities, feel more confident, dare to experiment, think critically and creatively. When students are exposed to entrepreneurial thinking, they become more eager to take an action and reshape their communities.



Please, do not forget that entrepreneurial skills and mindset is important for everyone, regardless of the career path that they will follow. Entrepreneurial mindset is a way of thinking that enables youth to overcome challenges, be decisive, and accept responsibility for the outcomes¹.

Core entrepreneurial mindset and entrepreneurial skills have been classified by Venture lab as following².

Core Entrepreneurial Mindset:

- Curiosity
- Growth Mindset
- Courage
- Persistence and Grit
- Opportunity-Seeking
- Problem Solving
- Redefining Failure
- Optimism
- Resourcefulness
- Adaptability
- Empathy

Core Entrepreneurial Skills:

- Creativity
- Teamwork
- Idea Generation
- Opportunity Analysis
- Market Research and Customer Validation
- Design-Thinking
- Prototyping
- Business Model Methodology
- Pitching
- Public-Speaking

Development of entrepreneurial mindset and skills will enhance professional skills of youth and ensure their economic success. A person may choose to become an entrepreneur or employee in the future. However, having certain sets of skills will highly contribute to their professional development and well-being. Entrepreneurial mindset and skills are a way of thinking and approaching challenges.

The program is based on ten different modules. Each module focuses on one specific theme of entrepreneurial education. This educational guide is intended to teach the youth the set of skills and to develop an entrepreneurial mindset. It is suggested to teach each module for 90 minutes, including theory and practical exercises.

Module I. Introduction to Entrepreneurship

The first module is the introduction to entrepreneurship and divided into two sections. The activities of the module aim to answer the following questions:

- What is entrepreneurship and who are entrepreneurs?
- What are advantages of entrepreneurship?

¹ *Entrepreneurial Mindset: How to Think Like an Entrepreneur*, Hack the Entrepreneur, <https://hacktheentrepreneur.com/entrepreneurial-mindset/> (last accessed: 05.12.2019)

² Introduction to Entrepreneurship A (2017), Venture Lab, <https://venturelab.org/>

- What are the key features of successful entrepreneurship?

Development of the entrepreneurial mindset and skills will have a positive impact on the future of the youth in terms of future education and career planning. Entrepreneurial education is not the same as studying business. To be a successful entrepreneur, it is not necessary to get a business school degree.

Session A (suggested time for the session is 60 minutes)

To initiate a group discussion, you may start with asking “What is entrepreneurship and who are entrepreneurs?”. Possible answers will be similar to this: Entrepreneurship is a process of launching a business or setting a company to generate income or profit. A simple definition of an entrepreneur is a person who starts his or her own business with the intent of earning a profit. Indeed, this is a traditional approach.

In fact, entrepreneurship goes beyond just setting a company and launching business. The bedrock of successful entrepreneurship is the ability to come up with a great product or service. And to do that, the businessperson must become an expert at something, whether it’s complicated or simple.

Entrepreneur is a person, who:

- Identifies the needs and see opportunities;
- Has creative and innovative approach to the challenges;
- Can embrace the failure and learns from it to be more successful;
- Identifies his/her skills, abilities and work to improve them;
- Is motivated, open minded a team player and quick learner.

Hence, entrepreneurship goes beyond starting a business. It is a way of thinking equipped with the certain skills-set. An entrepreneur has a vision for a new product/service, comes out with a business solution to a problem and is ready to take risks to make his/her idea real.

To continue the group discussion, it is suggested to make a short presentation about top five of ten influential entrepreneurs to make students familiar with their ideas and inventions. Some suggestions are: Steve Jobs, Bill Gates, Elon Musk, Jeff Bezos, Walt Disney, etc.

The next activity to do with the students can be the marshmallow challenge. This is a team-building activity, where teams must build the tallest free-standing structure out of 20 sticks of spaghetti, one meter of tape, one meter of string, and one marshmallow.

Marshmallow Challenge^{3,4}

One of the first activities to do at the first session is to play a marshmallow

³ Introduction to Entrepreneurship A (2017), Venture Lab, <https://venturelab.org/>

⁴ For more and additional information go to <https://toolbox.hyperisland.com/marshmellow-challenge>

challenge with the students.

Introduction

Students will work in teams to complete the challenge to build the tallest free-standing structure. The exercise focuses on development of some entrepreneurial skills, namely creativity, team-work and prototyping.

To build a structure teams will have 20 sticks of spaghetti noodles, one meter of tape, one meter of string and one piece of regular marshmallow. The winning team is the group with the tallest tower that holds the marshmallow on the top. Instructor will need a stick to measure the height of the structures.

Instructions:

Prepare the materials/kit for each team. Divide students into teams of 3-6. Explain the rules of the challenge, which is to build the tallest free-standing structure out of uncooked spaghetti noodles with the marshmallow at the top of the structure. They can use only those materials that are provided by the instructor:

- 20 sticks of spaghetti;
- 1 tape
- 1 meter of string
- 1 piece of regular marshmallow

Let students ask questions and make the following points clear:

- They should only use the materials they have, but should not use all of them in case they do not need them.
- The tower should stand without any support.
- The tower must hold the marshmallow at the top of the structure.
- The students will have 18 minutes to design and to start building their towers.
- The winning team is the group with the tallest tower that holds the marshmallow on the top.

After all questions are answered, start the challenge. Measure each tower, when the time is out and announce the winner. Continue the discussion by asking students to reflect on planning, prototyping and teamwork.

Planning:

How did they plan the process? How much time did the group spend on planning?

- Entrepreneurs start making as soon as possible. When you start creating earlier, you identify problems sooner rather than later and

can fix them on time.

Prototyping

How was the building process? Did the group change their initial plan/design while building? - Why?

- Entrepreneurs make many prototypes and make improvements on them as they gather more information. This repetitive process of making and revising prototypes is called iteration. Entrepreneurs learn something from each new prototype in order to ultimately make something better than their original designs.
- Entrepreneurs test early.

Teamwork

How well did the team work together? What did help team be more successful? Did the team members collaborate?

- Teamwork and collaboration are key entrepreneurial skills. Teams do better if they can use each member's strengths for the group's goal.

Extended learning opportunity:

This is an optional task. You may ask students to do a research on an entrepreneur working in a field interesting for her/him.

Session B: Successful Entrepreneurship starts with failure

The second session of the module focuses on failure and teaches students to learn from their mistakes. What's the true sign of a successful entrepreneur? – Of course, failure. It is totally fine to fail. On average, entrepreneurs fail 3.8 times before they finally make it in business. It took three tries before Henry Ford to become a success with the Ford Motor Company. James Dyson designed 5,126 bagless vacuums that didn't work before building one that did. At the beginning of the entrepreneurial journey, it is expected to make a mistake. Failure is a part of success. One of the key features of entrepreneurial mindset is the ability to embrace failure and see opportunities.

To start the session, it is suggested to discuss quotes of famous people and ask what failure means for them. Some of the quotes are given below.

*"Success is not final, failure is not fatal: it is the courage to continue that counts" - **Winston Churchill***

*"A person who never made a mistake never tried anything new" - **Albert Einstein***

*"Failure is an option here. If things are not failing you are not innovating" - **Elon Musk***

*"One who fears failure limits his activities. Failure is only the opportunity to more intelligently begin again" - **Henry Ford***

It should be underlined that most of successful entrepreneurs consider failure as a key element of the success and they linked it with innovation. The key feature here is not to give up when you fail and to keep trying. Entrepreneurs see failure as an opportunity to learn, fix and improve things. They learn from small failures and look forward to introduce a better product.

Please, be ready to discuss success and failure, present some famous people's success stories. One of the success stories can be the story of J.K. Rowling, the author of Harry Potter book series. She stated about failure:

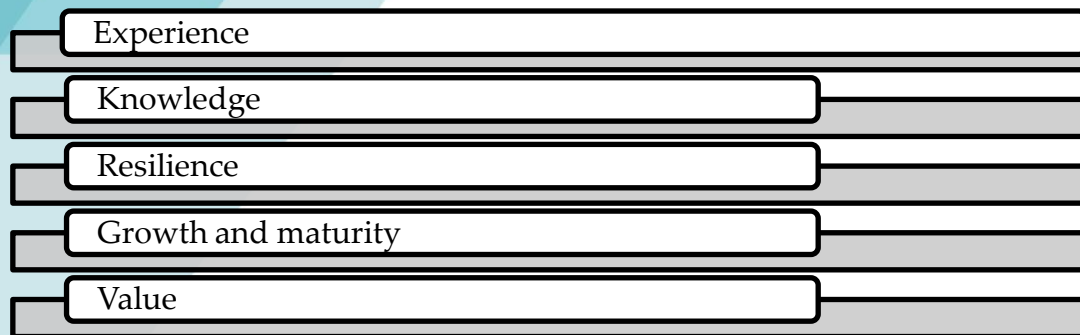
"Failure is so important. We speak about success all the time. It is the ability to resist failure or use failure that often leads to greater success. I've met people who don't want to try for fear of failing."

Success stories of other entrepreneurs can also be selected to discuss with students.

Another interesting activity for this session will be a group work on failure. Divide participants into groups of 4-6 and ask them to think about failure in a positive way.

- Why failure is important and necessary for success?
- Why is a failure good?

Failure is a steppingstone to success and there are some lessons to be learned.



The formula for success is trying until achieving it.

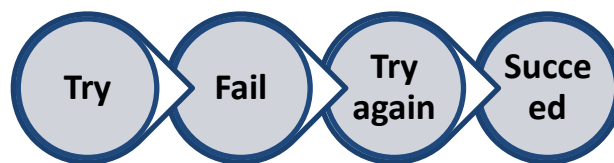


Figure 1.1. **The formula of success**

References:

Introduction to Entrepreneurship A (2017), Venture Lab, <https://venturelab.org/>

John C. Maxwell (2000), *Failing Forward: Turning Mistakes Into Stepping Stones for Success*, Tomas Nelson Inc, Nashville, Tennessee

Module II - Entrepreneurial Skills

In the previous modules we learnt different elements and features of successful entrepreneurship. We also learnt how entrepreneurship is different from wage employment. In this section we will learn about the entrepreneurial skills. We will identify:

- What are entrepreneurial skills?
- What skills are required for entrepreneur?
- Is it possible to acquire or develop such skills or part of them? If yes then how?

It is very difficult to start a business without properly established business skills. An entrepreneur can have great ideas and be full of passion; these are not enough to guarantee the success of a business. An entrepreneur needs to have a set of characteristics and skills for a successful business.

Here are several important entrepreneurial characteristics.

1. **Patience** – Entrepreneurship is not a one-day job. Success may not be achieved quickly. It is important for entrepreneurs to be patient to run a business.
2. **Positivity** – When somebody starts a business, they may face lots of difficulties and failure. Entrepreneurs have to think positive even when they take a big risk. There may be losses at times but even then entrepreneurs should stay positive and continue working hard towards their goals.
3. **Hard work** – Every new business goes through failures and therefore, entrepreneurs need to work hard till it becomes successful. It is necessary for them to work hard till it becomes successful.
4. **Self - Confidence** – Another key characteristic of successful entrepreneurs is self-confidence. Entrepreneurs need to be very confident and make decisions about their business. Every entrepreneur encounters problems, and they have to believe themselves that they can overcome those problems.

Having right characteristics can take entrepreneurs afar. Entrepreneurs need the skills that will help them to succeed.

Entrepreneurial skills help entrepreneurs to:

- improve self-awareness
- set and achieve realistic goals
- ensure business achievement
- become more assertive
- develop your innate entrepreneurial ability.

We can examine entrepreneurial skills in 3 categories (Figure 2.1.).

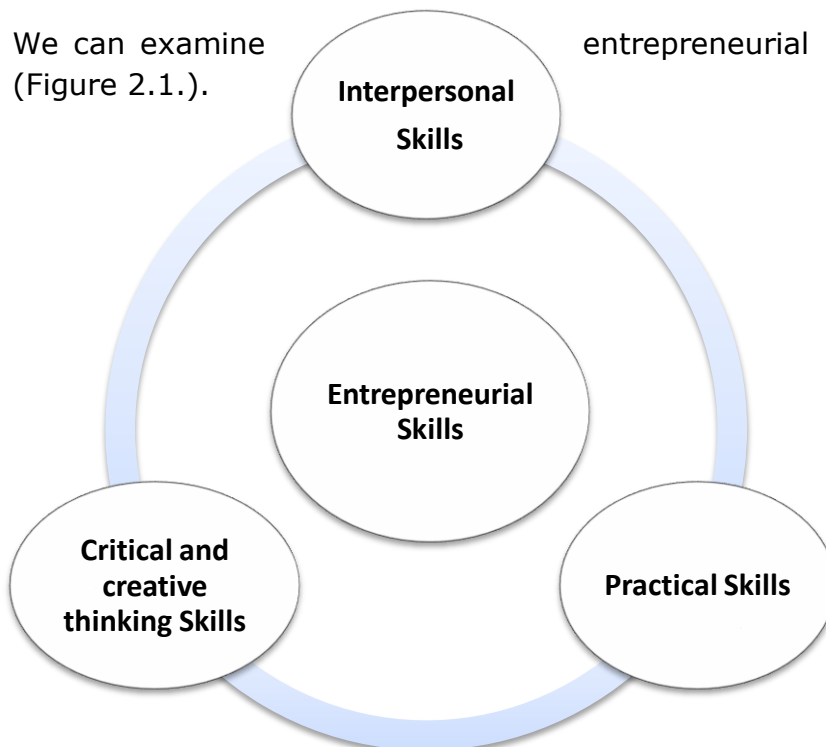


Figure 2.1. **Entrepreneurial Skills**

Interpersonal skills

An entrepreneur all the time interacts with people such as team members, customers, investors and more. The ability to build effective and positive relations is the key to the success of an entrepreneur's business venture. The types of interpersonal skills an entrepreneur needs include:

- *Communication skills* – An entrepreneur should be able to introduce, explain, sell and market their product and services. It is important to interact effectively with their team. An entrepreneur needs to be able to express himself/herself clearly both in verbal and in written communications. They should also have a strong reading and listening skills to understand written and verbal business communication.
- *Leadership skills* – One of the most important skills an entrepreneur must have is the ability to develop a vision for the company and to inspire the company's employees to pursue that vision as a team.
- *Ethics* - An entrepreneur has to be able to deal with people on respect, fairness and truthfulness.

Critical and Creative Thinking skills

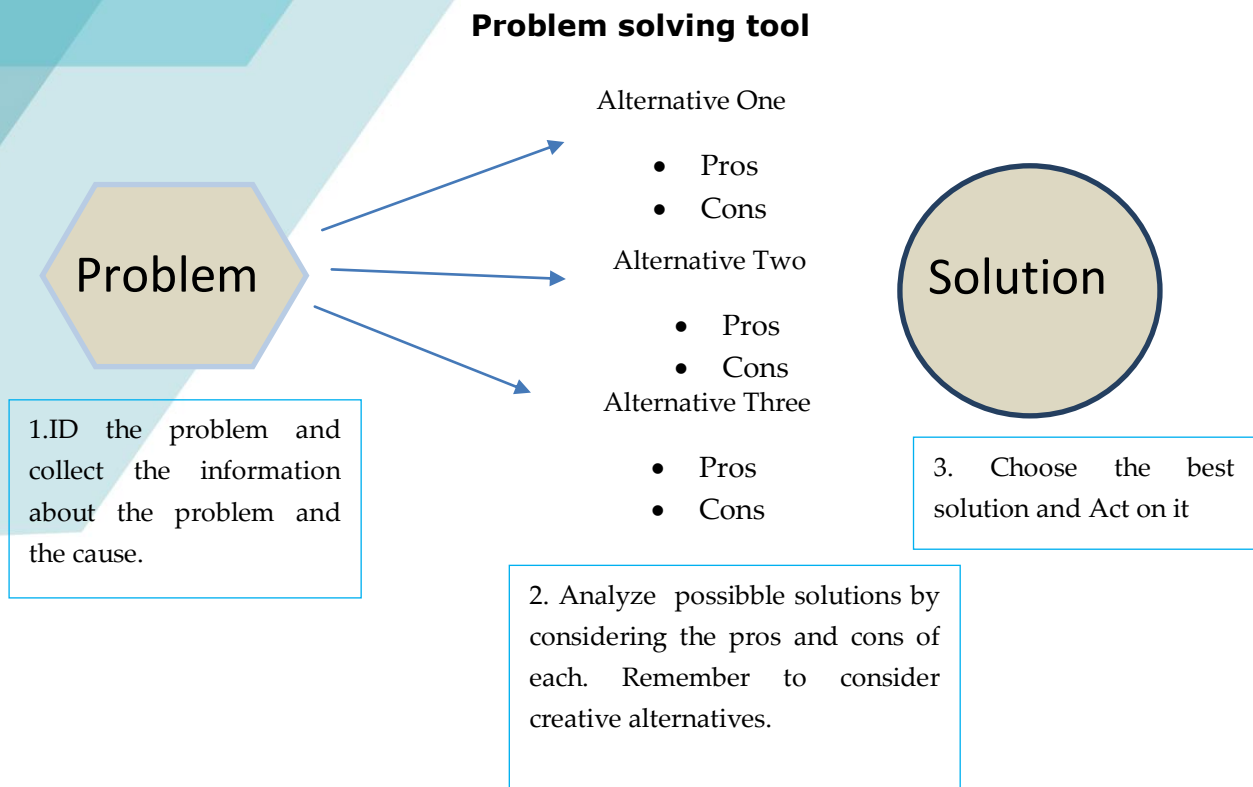
An entrepreneur needs to come up with fresh ideas, and make good decisions about opportunities.

Creative thinking - To be creative in business you need to be innovative; those two skills go hand in hand with each other. An entrepreneur should be able to see a problem from different perspectives and come up with original and creative solutions. They should also be able to recognize an opportunity in a problem and find an innovative solution.

A few ways in which creativity and innovation are expressed are:

- the ability to consider new ideas and to take a wider view;
- seeking and taking initiative in solving problems in a unique way;
- successful correlation between time and money and other critical resources;
- seeking ways to do things differently;
- exploiting opportunities;
- being distinguishable from competitors;
- the ability to see, recognize, and develop opportunities.

Problem Solving – An orderly method of overcoming obstacles is to arrive at a solution. This is one of the key factors for success in business. An entrepreneur should be able to face the problems and find the best solutions.



Practical skills

- An entrepreneur also needs practical skills to produce products and services effectively, and run a company.
- *Goal setting skills* – The ability to set goals is one of the key skills for an entrepreneur. An entrepreneur should be able to set effective goals that can turn his or her company’s vision into progress.
- *Planning skills* – An entrepreneur must be able to develop plans to meet goals in a variety of areas, including finance, marketing, production and sales.
- *Basic management skills* – An entrepreneur must be able to manage every component of a business. In order to handle the pressures of their busy lifestyle, an entrepreneur must have the ability to manage time well and take care of personal business efficiently.

There are four key components of the time management.

- *Priorities* – priorities determine what is most important and should be determined in terms of major responsibilities. Spending time on high-priority tasks save time on trivial concerns.
- *Objectives* – it is important to set weekly objectives to use the time effectively.
- *Plans* - develop operational plans to meet your objectives.
- *Schedules* - schedule each month, week and workday.

Team building skills – An entrepreneur usually assembles a team of skilled people who help them achieve business success, they must be able to develop and manage a team effectively.

Suggestions for to build entrepreneurial skills:

1. *An entrepreneur near me* – Visit entrepreneurs with a successful business, and take an interview. After the interview, list their qualities and skills that have helped them improve their business. If you don't have a chance to do the interview, you can search online for a successful entrepreneur and list their entrepreneurial qualities and skills.
2. *Self-assessment test* – You can improve your skills by self-assessment tests. [Link for self-test](#)
3. *Become a volunteer* – Volunteering will help you to use your skills. You will be able to gain valuable skills and achieve a common goal.
4. *Learn a new language* – If you want to introduce your business globally, there is a need for knowing other languages.
5. *Plan an event* – By event planning you will be able to build such skills as planning, organizing, managing, finding suppliers, negotiating rates and terms, keeping everything on pace.
6. *Practice* – One of the main ways to develop your skills is to practice repeatedly.

References

1. A.A de Beer, J. Zeelie, D. Groenewald, H.Watson, D. Rossouw and H. Jacobs, (second edition 2008), *Entrepreneurial Skills*.
2. Holwerda Jibbe, (2018), *A case study: The Relationship between Entrepreneurial Skills and Intentions*.

Module III - Build your team

This module examines the main elements of teamwork and it is intended to identify:

- What is teamwork?
- Main elements of successful teamwork
- How to build a team?
- How to increase the effectiveness of teamwork?

In the real world of innovation and entrepreneurship "I" has to be replaced with "We". If you don't have a team you really can't move any product or service to the marketplace and make it international.

Let's have a look at the differences between "work alone" and "teamwork".



Work alone

- One way of thinking and one opinion
- Solely responsible
- Carry all the workload
- No support
- Longer to achieve the goals



Teamwork

- Discuss and share thoughts and opinions
- Share the responsibility
- Lighter workload
- Support each other
- Achieve goals faster

What is a team actually?

A team is a highly communicative group of people with different backgrounds, skills and abilities with a common purpose who are working together to achieve clearly identified goals.

Six key elements of successful teamwork

According to a case study conducted by P.Tarricone and J.Luca of Edith Cowan University, there are six key attributes of successful teamwork:

1. *Commitment to team success and shared goals* – team members are committed to the success of the team and their shared goals for the project. Successful teams are motivated, engaged and aim to achieve at the highest level.
2. *Interdependence* – team members need to create an environment where they can contribute far more together than as individuals. More precisely, there is no success for an individual if other members of the team fail.
3. *Interpersonal Skills* – include the ability to discuss issues openly with team members, be honest, trustworthy, and supportive and show respect and commitment to the team and to its individuals.
4. *Open Communication and positive feedback* – actively listening to the concerns and needs of team members and valuing their contribution and expressing this help to create an effective work environment. Giving and accepting feedback as well as cultivating team spirit of constructive criticism is paramount.
5. *Appropriate team composition* - is essential in the creation of a successful team. Team members need to be fully aware of their specific team role and understand what is expected of them in terms of their contribution to the team and the project.

6. *Commitment to team processes, leadership & accountability* – team members need to be accountable for their contribution to the team and the project. They need to be aware of team processes, best practice and new ideas. Effective leadership is essential for team success including shared decision-making and problem solving.

Team development stages

There are four stages to turn a group of individuals into a team, which must be: forming, storming, norming and performing. This scheme was devised by Bruce Tuckman, and it is considered to be the simplest explanation of team behaviour and development (See Figure 3.1).

Forming – This is the initial orientation period. During the first stage, forming, team members establish the interpersonal relationships, become familiar with the assigned task and create ground rules.

- members are cautious, guarded, wondering
- little visible disagreement
- lack of identity
- watching to see what is expected of team members and what is acceptable from team members.

Storming – The second stage, storming, marks a time of intergroup conflict due to lack of group unity. Because team members still see themselves as individuals rather than as a part of a team. They may resist the formation of a group structure in favour of expressing their individuality.

- conflict occurs
- work is in fits and starts and not very productive
- high level of frustration and confusion
- pairing and cliques develop
- beginning development of identity, purpose, and interest.
- members take risks and get to know one another.

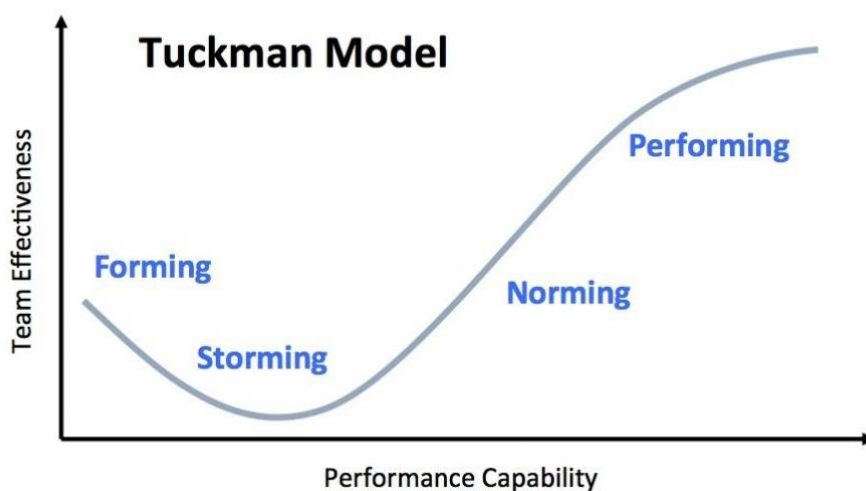


Figure 3.1. **Tuckman Model**

Norming – The third stage, norming, is characterized by the emergence of a group harmony as team members begin to openly express ideas and opinions. Members begin to accept teammates for who they are and task-related conflicts are avoided in an effort to preserve the harmony.

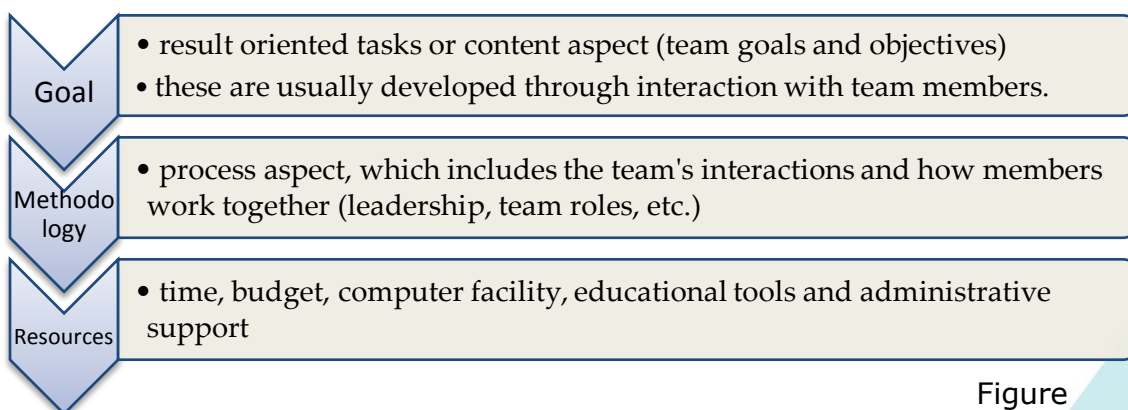
- developing goals, roles, and relationships
- learning to appreciate differences in people
- conflicts are about issues, not egos or people
- communication is open and clear
- sense of belonging develops
- progress is beginning to be made
- work becomes enjoyable

Performing – The final stage, performing, reflects a period of productive collaboration in which members demonstrate support to each other and assume roles that will enhance task activities. Constructive attempts are made to resolve issues related to the completion of the task.

- team acts on common goals, with synergy, high morale, and high productivity.
- easy shifting of roles from one to another
- differences are valued
- team members look out for one another's interests
- spontaneous, collaborative efforts
- sharing of all relevant information
- conflicts are frequent, but leads to problem solving

How to start team building?

There are three main components in any team's work (Figure 3.2).



Figure

3.2. Teamwork components

Useful questions for team building

- *Who are team members, team leaders and team liaison members?*

- *What is the reason why this team exists?*
- *What is the common vision, what are the goals and targets?*
- *What are the norms that will guide how the team will work together?*
- *What results are expected for this team?*
- *What are the outputs expected from the team?*
- *What is their agreed-upon strategy?*
- *What are the steps to be followed by this team?*
- *What are the team roles and who will play them?*

How to increase the effectiveness of teamwork – GRPI model

The GRPI is a tool model used by business teams to increase the effectiveness of their work. The GRPI model was developed by Noel Tichy, a professor at the University of Michigan. Tichy has helped to improve the performance of teams at many successful companies, including General Electric, Ford, and Coca Cola.

Note a great high-performance team you've been in and how it fits the GRPI model:

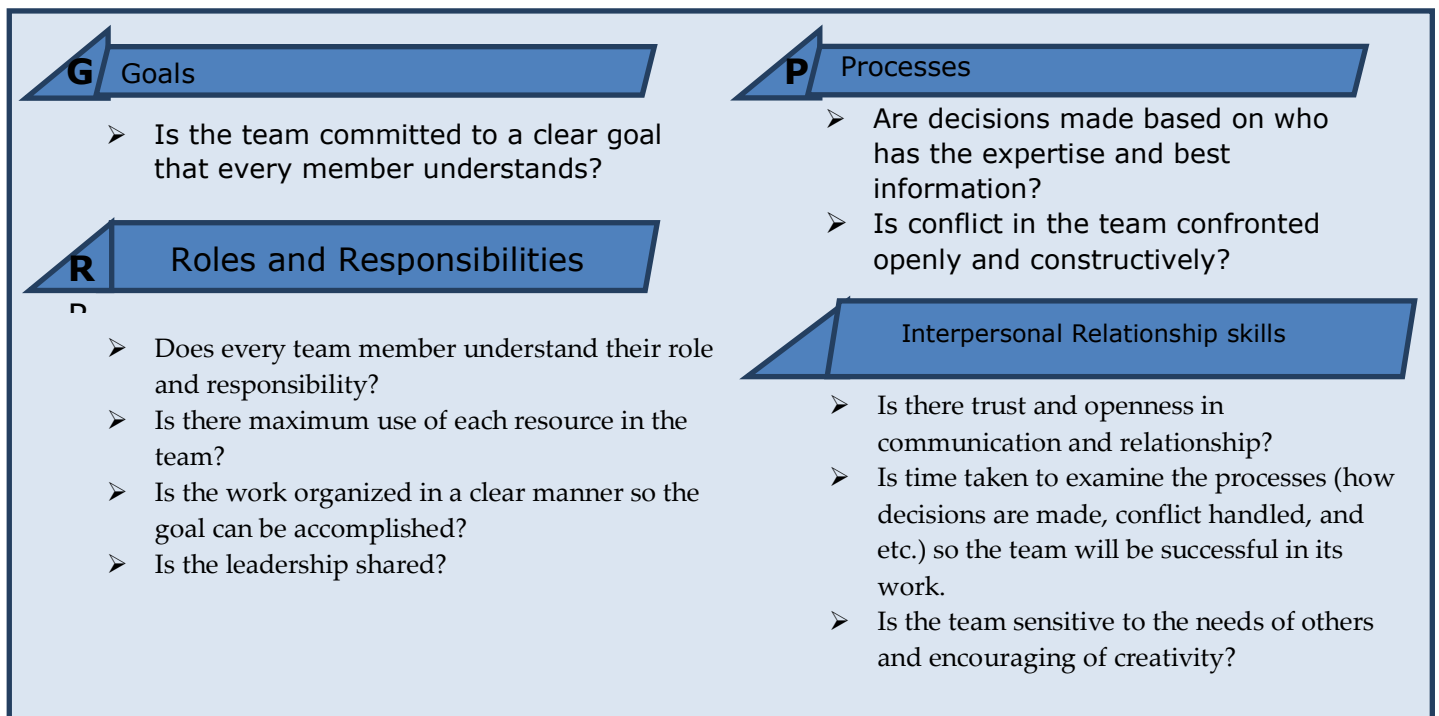


Figure 3.3. **GRPI model**

GRPI is an acronym that describes a high-performance team and stands for:

- Goals - The team has clear goals, and all team members understand them.
- Roles and Responsibilities - The work is clearly structured. Everyone contributes and knows his or her responsibilities.

- Processes - The team has determined effective ways to make decisions, resolve conflict, and share information
- Interpersonal Relationship Skills – Team members positively relate to one another.

Team building activities for teach teamwork

Team building activities are important for companies of all sizes and structures. Whatever your company does and no matter how big or small, your business will be more productive when your team is happy. During the team building session it will be more effective to conduct one quick and one long main activity.

Examples for quick team building activities:

(Source: The Big book of Team culture. active. collab)

1. Two Truths and a Lie

Everyone has to introduce themselves to the group and tell two truth facts about themselves and one lie. The group then has to guess which one is a lie. The game is a good ice-breaker if people don't know each other well.

2. Seven

People stand in a circle and count. The first says 1, the second says 2 and so on. When number 7 comes up and its multiples (14-21-28...), the person has to clap instead of saying the number. If they say the number, they are out.

3. Action Intros

Each person says their name, adds an adjective that starts with the first letter of their name, and acts out that adjective. For example, a person named Bill will say "I am Bossy Bill" and act like a boss.

Examples for long and main team building activities: (Source: The Big book of Team culture. active. collab)

1. Building games

Two or more teams get materials with which they have to build something. In the simpler version, teams compete who will build the highest tower with materials they have. Marshmallow challenge is an example. In more complex version, the team has to "buy" resources and build a bridge. Each team gets some money with which they can buy scissors, glue, paper, etc. But the trick is, materials are limited. So for example, if there are 4 teams, there are only 3 pairs of scissors and 10 sheets of paper, so there is always a pressure to buy materials before the other teams do.

(For more info about the activity:

<https://www.trainingcoursematerial.com/free-games-activities/team-building-activities/the-bridge-contract>)

2. Bank Robbery

Someone robs the bank. Each person gets a few clues. The team has to figure out who robbed the bank without showing their clues. People have to talk with others and piece everything together. The game teaches the importance of sharing information and that each person has a special insight and they need to share what they know or think in order to solve a greater problem..

(For the activity please see the link:

<http://www.edteck.com/rigor/lessons/detective/clues2.pdf>)

3. Zoom

This game is based on the book "Zoom" by IstvanBanyai. Each page in the book is a zoomed-in aspect of another page. Each team member gets a laminated page from the book and they have to arrange the pages in the right order. To do this, they have to talk to each other and discover who has the missing pieces.

References

1. PinaTarricone, Joseph Luca, (2011), Successful teamwork: A case study, Edith Cowan University.
2. Mohamed Bakir, (2006), A model of successful teamwork, Edith Cowan University.
3. Tuckman, B.W. & Jensen, M.A.C (1977), Stages of small group development revisited. *Group and Organizational Studies*,2, 419-427.
4. The Big book of Team culture. active.collab.
5. Steve Raue, Suk-Han Tang, Christian Weiland and Class Wenzlik, (2013), The GRPI model – an approach for team development.

Module IV – Invent your product

This section will guide you into the process of inventing a product starting from the ideation stage. The focus points of this module are:

- Think like a millionaire;
- See the problem, be the solution and feel the need;
- Know your target audience;
- Getting familiar with the Business Canvas Model;

As it has been indicated in previous sessions, to become a successful entrepreneur, one must have a different way of thinking. Successful entrepreneurs think and act like a millionaire. To start thinking like a millionaire, one has to change their way of thinking. In reality the whole story is about having a business mindset and smart money management.

First, one has to identify their goals and take time to reflect on them. Plan to achieve the goals. Time by time, analyze the progress and see the challenges. Besides, entrepreneurs should be able to make rational financial decisions. Here

are some suggestions to change the way you are thinking and to become a step closer to be successful:

- Spend less than you earn!
- Plan your budget and expenses!
- Don't be wasteful!
- Invest in professional development, or in business!
- Never stop learning!

Feel the need: focus on the problem rather than the product

In comparison to employees entrepreneurs have a different life mission. As a successful entrepreneur, one has to see the problem and feel the need with the new product or service. Customers do not buy products, they buy solutions. Therefore, most of successful entrepreneurs don't focus on products; they focus on problems during the idea generation process. Hence, the idea generation process should start with identifying problems or challenges faced by a certain group. A successful business idea should reflect the needs of its target group.

A perfect activity to do with the students at this session will be brainstorming and idea generation. For this activity you will need poster papers and markers. Please, divide students into teams of 4-5 and ask them to identify potential target groups they are interested in or somehow linked with. Then ask them to select three, most passionate ones among target groups and start identifying the major challenges faced by each group.

The scheme is given in figure 4.1.

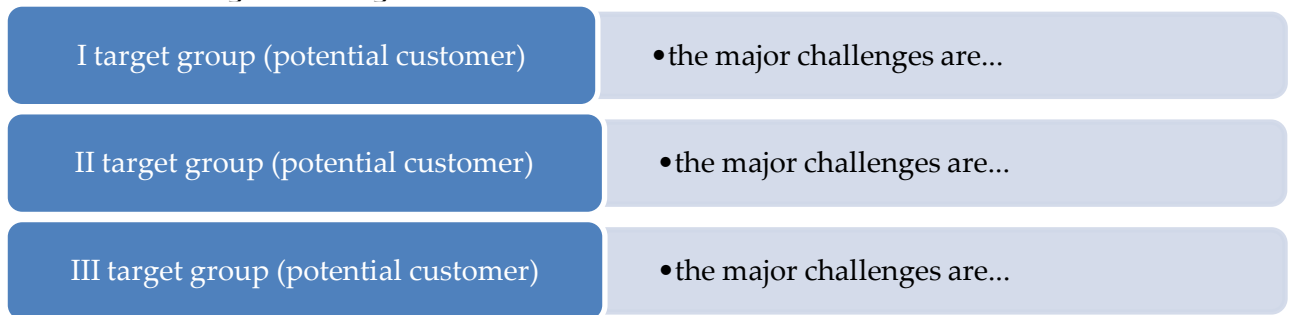


Figure 4.1. The ideation exercise

The brainstorming process should continue within the group with defining the major challenge or the need of the target group and looking for potential solutions. Ask teams to describe their ideas and solutions on a poster (Figure 4.2.).

Target group	Challenge/Need	Solution (product or service)
1....	-----	-----
2...	-----	-----
3...	-----	-----

Figure 4.2. **The ideation poster**

Feeling the need means producing a product or offering services that people need or want. To fill a need, entrepreneurs have to understand their market and know their competitors. A market is defined as a collection of current and/or prospective customers. Entrepreneurs realize how important it is to know their customers and their products or services. Explain that entrepreneurs do market research to determine their customers' needs and to understand how a product or service can fulfill these needs. They gain the skills and knowledge needed to create and sell their product or service. Market research also can be used to find out about competitors who produce similar products or services.

Following the exercise, teams should be able to select one of the solutions/ideas to focus on and turn it into a business. The best business idea should be:

- More **feasible** because they're focusing on serving people they care about.
- More **impactful** because they're paying more attention to problems than they are products.
- More **creative** because they'll use those problems as inspiration.⁵

⁵ Top 5 lesson plans, Teaching Entrepreneurship, <https://www.teachingentrepreneurship.org/top-5-lesson-plans/>

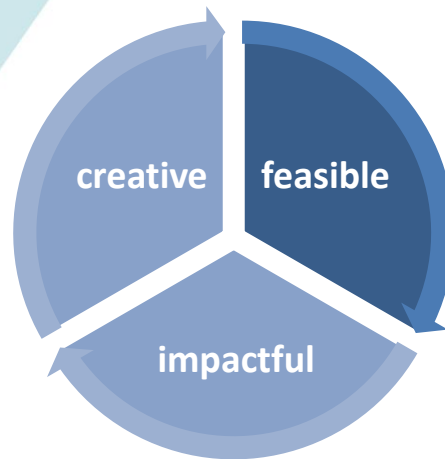


Figure 4.3. **The best business idea**

Know your customer (KYC)

Customer and product are two important words in business world. It is not enough to have a great product or service—customers must be willing to buy it. Entrepreneurs are experts on their products or services and the customers they serve. They always ask themselves key questions about their customers and products. “Does my target group need this product or service?”.

To get more familiar with customer needs and challenges it is suggested to collect data and conduct interviews. Please, be aware that customer interview is essential for the validation of a business model. During the session you may work with students on kinds of questions that should be asked or avoided. Students may work in teams to draft a sample of the questions.

Business model canvas

The most common and widespread tool for business model innovation is business model canvas developed by Alexander Osterwalder and Yves Pigneur and consist of nine different blocks. This is a great business tool to map ideas, test and improve them. Indeed, it helps to get a comprehensive and fast overview to understand the business model better.

Osterwalder business model describes the value proposition, customers, value delivery and value creation, as well as the financial perspective. The nine blocks of the business canvas model are⁶

⁶ Business model tools, <https://bmttoolbox.net/tools/business-model-canvas/> (last accessed 06 December 2019)

Key partnerships

Key activities

Value proposition

Customer relations

Customer segment

Key resources

Channels

Cost structure

Revenue stream

Figure 4.4. **Osterwalder Business Canvas Model**

In order to start to fill in the canvas the first steps should be answering to these questions: Who is my customer and what kind of value will my product bring? The structure approach to fill in the model can be as below:

1. **Value Propositions:** What kind of value do you deliver to your customer (e.g. efficiency, convenience, social status, low prices)? How do you satisfy your customers' needs?
2. **Customer Segments:** For whom are you creating this value? Can you differentiate between different customer groups?
3. **Channels:** How do you deliver the value to your customer segments? This starts from raising awareness and also applies to purchasing, delivery and aftersales.
4. **Customer Relationships:** What is the relationship between you and your customer? E.g. self-service, personal assistance during sales, creating a community where members share knowledge.
5. **Revenue Streams:** How do you generate revenue? Whom do you generate revenue from and what form does the revenue have (e.g. subscription fee, renting fee, advertisement, etc.)?
6. **Key Activities:** How do you generate value (service / product) for your customer?

7. **Key Resources:** What knowledge, infrastructure and financial resources do you need?
8. **Key Partnerships:** Who are our partners that help us to create value? Who are our suppliers?
9. **Cost Structure:** What costs arise from creating and delivering value to your customer, from your key activities and your key resources?

Business Canvas Model Exercise

After introducing business canvas model and providing some examples, please, be ready to conduct a small workshop in groups and ask students to apply the canvas model to their business ideas developed in the previous session. Students have to work in teams of 4-5.

You will need printed-out canvas models and post-its for each team. Ask students to fill in each block using post-its. Give student teams 10 minutes to fill in the canvas. Then let them to present their business models and get feedbacks. After the presentations are done, give extra 10 minutes to adjust and make necessary changes to their business models.

This exercise will help teams to think about their idea and ways of its realization. It is highly recommended to students to conduct a customer interview before starting with a business plan.

References:

Business model tools, <https://bmttoolbox.net/tools/business-model-canvas/>
Teaching Entrepreneurship, <https://www.teachingentrepreneurship.org/>

Module V. Write Your Business Plan

This section examines the main elements of the writing a business plan. It sets out to identify: What is a business plan?

- Who needs a business plan and why?
- The S.M.A.R.T model
- Sections of a business plan

According to Kraus and Schwarz (2007), a business plan is “a written form of a company’s overall strategic plan, which aims to put in place tools, methods and processes that identify and achieve the long-term goals of a business”. A business plan is there to add legitimacy to a business and forms, a mean to communicate to stakeholders, specifically potential funders of a business. A business plan is actually a road map that enables entrepreneurs to execute excellence. Many entrepreneurs establish their businesses without business

plans; however, this may take more time and result in higher costs. As Haag stated (2013), without a business plan, an entrepreneur has no concrete foundation or direction to keep his business focused. An entrepreneur might not even know when his business is headed in the wrong direction.

A business plan should define the mission, values, strategy, measurable objectives, and key results the entrepreneur expects clearly and concisely.

Every successful business has clearly set and articulated goals to attain specific objectives. SMART is an acronym for the 5 elements of specific, measurable, achievable, relevant, and time-based goals (see Figure 5.1). It's a simple tool used by entrepreneurs to go beyond the realm of fuzzy goal-setting into an actionable plan for results.

Once the business goals are SMART, entrepreneurs have to break down each goal into a specific set of tasks and activities to accomplish their goals. It's very important to review the goals periodically and make adjustments if necessary. Goal setting for your small business is an essential tool for success.

Also, it is important to set aside enough time to formulate the plan. Experts recommend starting the planning process at least 6 months before initiating a new business. A good business plan follows generally accepted guidelines for both form and content. There are three primary parts of a business plan (see Figure 5.2):

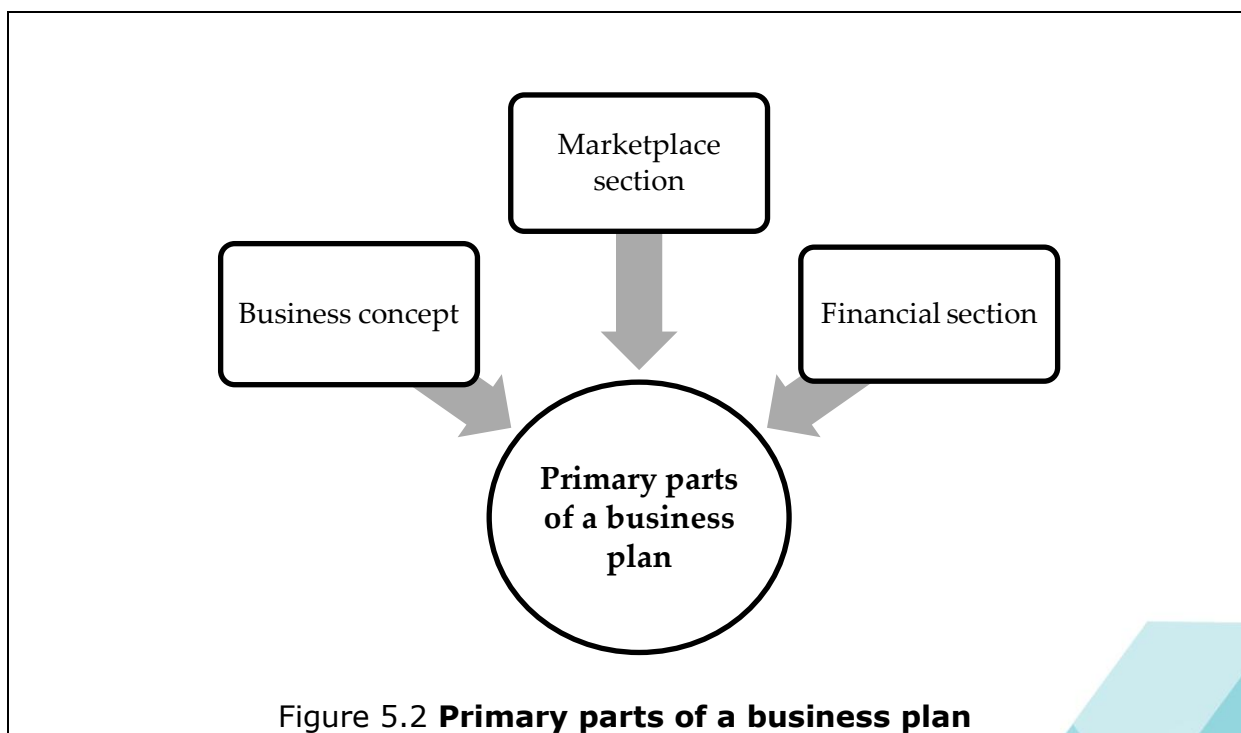


Figure 5.2 **Primary parts of a business plan**

The industry, entrepreneur business structure, particular product or service of an entrepreneur, and how an entrepreneur plans to make his or her business a success should be discussed in the business concept. The description and

analysis of potential customers should be included in the marketplace section. Here, entrepreneurs should also describe the competition and how they will position themselves to beat it. Entrepreneur income and cash flow statement, balance sheet and other financial ratios should be enclosed in the financial section. The nine key components of business plan are the main core elements commonly included in most plans (see Figure 5.3). According to Haag (2013), no single way of preparing a business plan is required. Alternative formats could be used and in computer programs specifically designed to take the entrepreneur step by step through the process.

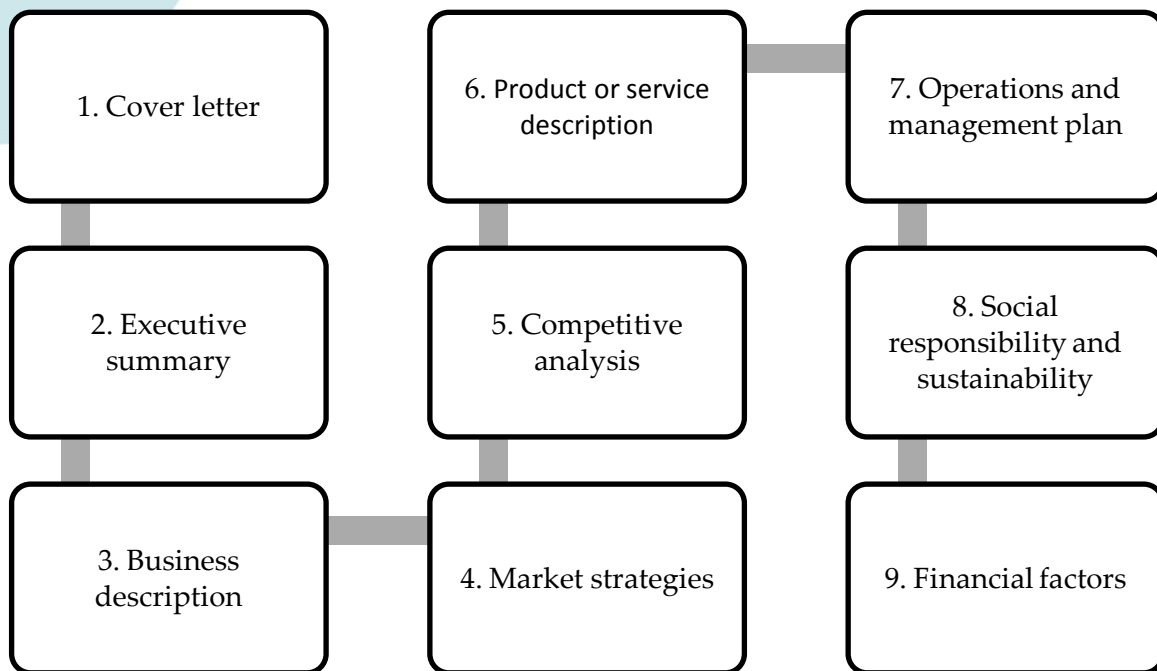


Figure 5.3 **Key components of business plan**

According to Haag (2013), the cover letter should include an explanation why the entrepreneur has chosen this funder to receive the plan, the nature of the business, the development stage of the business, the amount of funds sought, the type of funding sought (e.g., investment or loan), the principals of the business and contact information. Haag (2013) mentioned that it is very important that the cover letter must be simple, attractive, concise, and tailored to each investor. As mentioned Ward (2019), the executive summary provides a short, concise, and optimistic overview of entrepreneurs' business that captures the reader's attention and creates a need to learn more. The executive summary should be no more than two pages long, with brief summaries of other sections of the plan. According to Haag (2013), the executive summary is the most important section of the business plan.

The objective of the business description section is to describe a business, how an entrepreneur will manage it, and why the business will succeed. By **Bangs & Bangs (1998)**, if the business is new, the parts should be enclosed (see Figure 5.4):

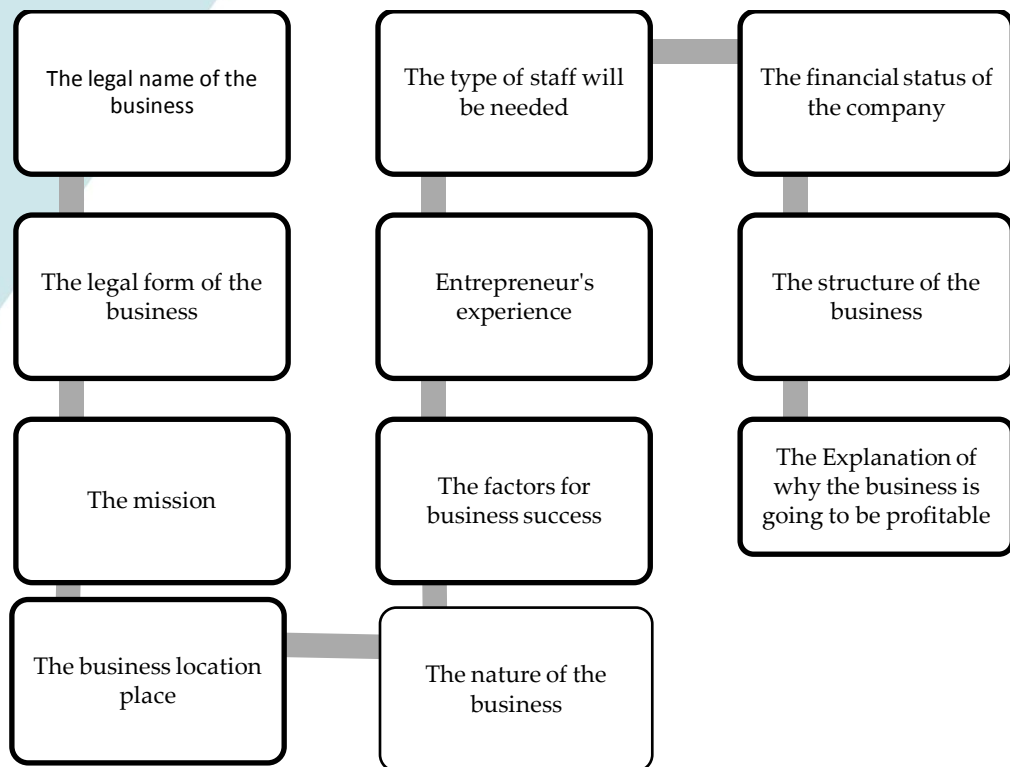


Figure 5.4 **Parts of business description**

The purpose of the product or service description is to introduce the product or services offered, unique features of the product or service that provide a competitive advantage. Products and services provided by competitors should be analyzed as well. An entrepreneur must explain the strategy for meeting or dominating the competition.

Then the plan should include a good market analysis. It should understand, describe, and prove the potential of the market. Marketing strategy should include the analysis of alternative opportunities and risks for the company with informed consideration of the competition, social environment, and company's internal production capability

(Arkebauer, 1994). Entrepreneurs survey the existing market has to determine size, diversity, and location. They define competitors and their pricing policies, promotional strategies, and relative share of the market should be defined in the section of market strategies.

Depending on the type of business a plan related to locations and facilities, technology, and regulatory issues should be included. The operations section of a business plan explains the day-to-day functions of the company. According to

Bangs & Bangs (1998), when preparing the management section, five areas should be addressed (see Figure 5.5):

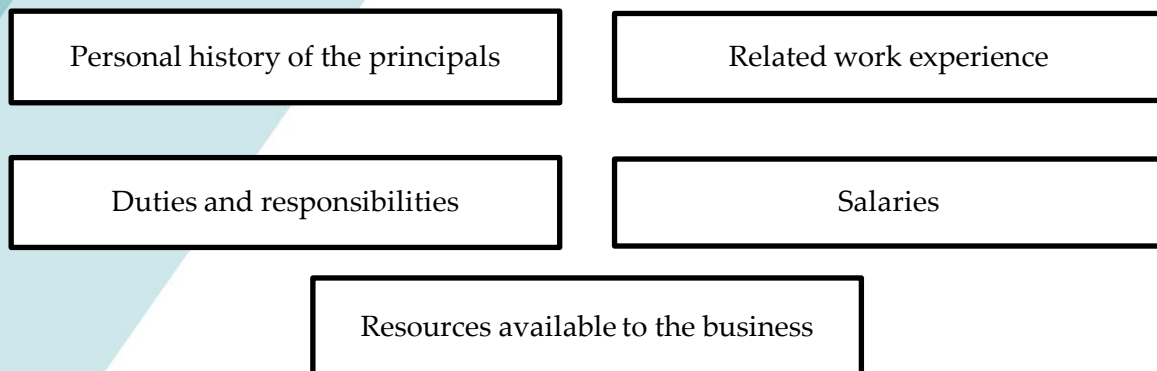


Figure 5.5 **Areas of management section**

As stated Abrams (2010), companies should judge their performance not merely on profit, but also on the results of socially responsible activities. Being socially responsible brings many benefits to a company. It will attract employees, investors and other stakeholders, and gain visibility for the company.

The section of financial factors contains a set of financials, including income and expense statements (i.e., profit and loss), balance sheet, and cash flow statement. These reports are standard for most companies. Young entrepreneurs involved in a simple idea planning, balance sheets may be too difficult to learn, however profit-loss planning is essential. The entrepreneur will deal with Revenues, Expenses, and Profit for a particular period calculated with a simple formula: Revenue - Expenses = Profit/Loss. Cash flows are important, because without money, the business does not run. Entrepreneurs usually need to do financial projections on a monthly basis for first 1-2 years and later on a quarterly basis. Seeking assistance from a certified public accountant simplifies the task of financial projections preparing.

According to Haag (2013), a business plan does not have to be perfect. The entrepreneur is not able to anticipate every situation. No business plan is ever finished—it is a work in progress. The entrepreneur will need to update the plan on an ongoing basis. A well-conceived business plan is still the most effective tool for reaching long-term goals and achieving success.

Suggestions for a young entrepreneur:

- 1) Discuss with the Mentor what a business plan is.
- 2) Choose one of planning templates and create a business plan.
<https://www.bplans.com/downloads/business-plan-template/>
- 3) There are simple tools available that help to calculate your financials. Use them; do not create a new vehicle from scratch.
<https://articles.bplans.com/writing-a-business-plan/>
- 4) Watch few videos:

- How to write a Business Plan:
<https://www.youtube.com/watch?v=x0y3VgjhGw0>
- How to Write a Business Plan - Entrepreneurship 101:
<https://www.youtube.com/watch?v=ZEMbKzy7FD8>

References

1. Abrams, R. M. (2010). The successful business plan: Secrets & strategies (5th ed). Palo Alto, CA: The Planning Shop.
2. Arkebauer, J. B. (1994). The McGraw-Hill guide to writing a high-impact business plan: A proven blueprint for entrepreneurs. New York, NY: McGraw-Hill.
3. **Bangs, D. H. & Bangs, D.** (1998). [The Business Planning Guide: Creating a Plan for Success in Your Own Business \(8th ed\)](#). Chicago, IL: Dearborn Trade.
4. Haag, A. B. (2013). Writing a Successful Business Plan: An Overview. *Workplace Health & Safety*, 61(1), 19-29.
5. Kraus, S., & Schwarz, E. (2007). The Role of Pre-Start-Up Planning in New Small Business. *International Journal of Management and Enterprise Development*, 4(1), 1-15.
6. Ward, S. (2019). Simple Business Plan Template.
<https://www.thebalancesmb.com/entrepreneur-simple-business-plan-template-4126711>

Module VI - Get legal – setting up a company

This section examines the main elements of the setting up a company. It sets out to identify:

- What is a company?
- What does an Ltd company mean?
- Where a company is registered?
- How to register a company?
- Who can establish a company?
- Deciding on a company name?
- Advantages and disadvantages of establishing a company
- Alternatives for establishing a company

A company is any entity that engages in business (Business dictionary, 2019). A company is a legal entity formed by a group of individuals to engage in and operate a business - commercial or industrial - enterprise. A company may be organized in various ways for tax and financial liability purposes depending on the corporate law of its jurisdiction (Kenton, 2019). A company is a type of business. The definition of the term varies by country. In general, a company is often a business organization which makes goods or services in an organized manner and sells them to the public for profit. There are different types of

businesses to choose from when forming a company, each with their own legal differences (see Figure 7.1).

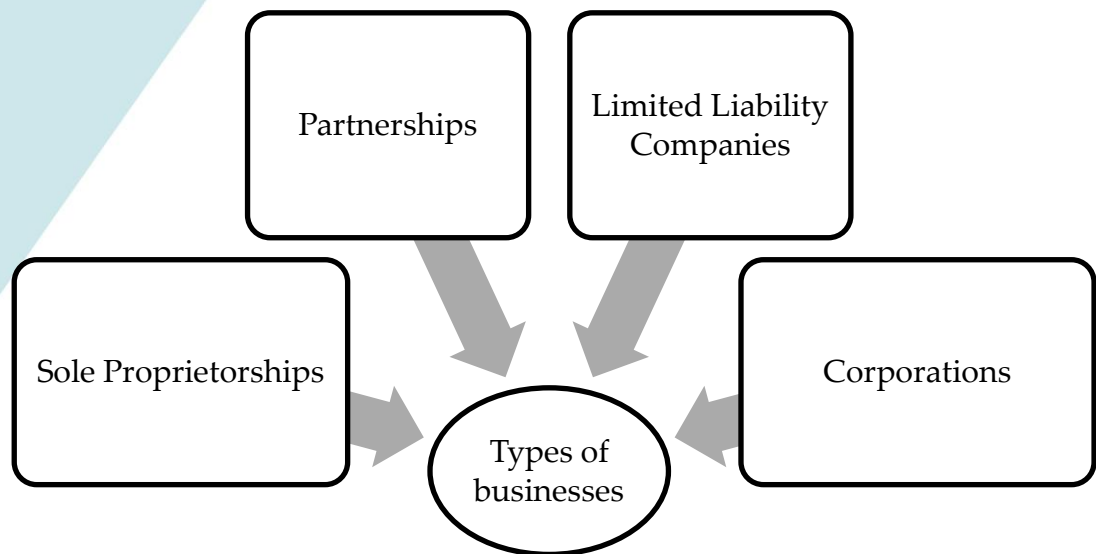


Figure 6.1 **Types of businesses**

Before creating a business, entrepreneurs should clarify what is important to them when running their business. A sole proprietorship is an unincorporated company that is owned by one individual only. While it is the most simple of the types of businesses, it also offers the least amount of protection for the owner. The owner is fully liable for any and all liabilities incurred by the company. An entrepreneur may choose this option if they want to retain full control of the company. Additionally, it is a relatively easy and inexpensive process to establish a sole proprietorship. There are also tax benefits as income is considered the owner's personal income and therefore only taxed once.

A partnership is a business owned more two or more people, known as partners. The income is treated as the owners' incomes so it is only taxed once. Owners in partnerships are liable for the liabilities of the firm. Limited liability companies (LLCs) are one of the most flexible types of businesses. LLCs combine aspects of both partnerships and corporations. They retain the tax benefits of sole proprietorships and the limited liability of corporations. Limited liability companies are able to choose between different taxes treatments. Limited Liability Company exists as its own legal entity. This protects the owners of the LLCs from being personally liable for the operations and debts of the business. Corporations are separate legal entity created by shareholders. Incorporating a business protects owners from being personally liable for the company's debts or legal disputes. A corporation is more complicated to create compared to the other three types of businesses.

A private limited company (Ltd.) – limited by shares is a private company. In a limited company, shareholders’ liability is limited to the capital they originally invested. If such a company becomes insolvent, the shareholders’ personal assets remain protected (Hayes, 2019). Non-profit organisations, clubs, co-operatives, social enterprises, community projects, membership organisations and charities often use this form of business structure.

Set up to serve social, charitable, community-based or other non-commercial objectives, guarantee companies typically retain any surplus income for reinvestment or use it to promote the non-profit objectives of the business rather than distribute profits to members (Korchak, 2015). According to AR (2019), the characteristics of private limited company are (see Figure 6.2).

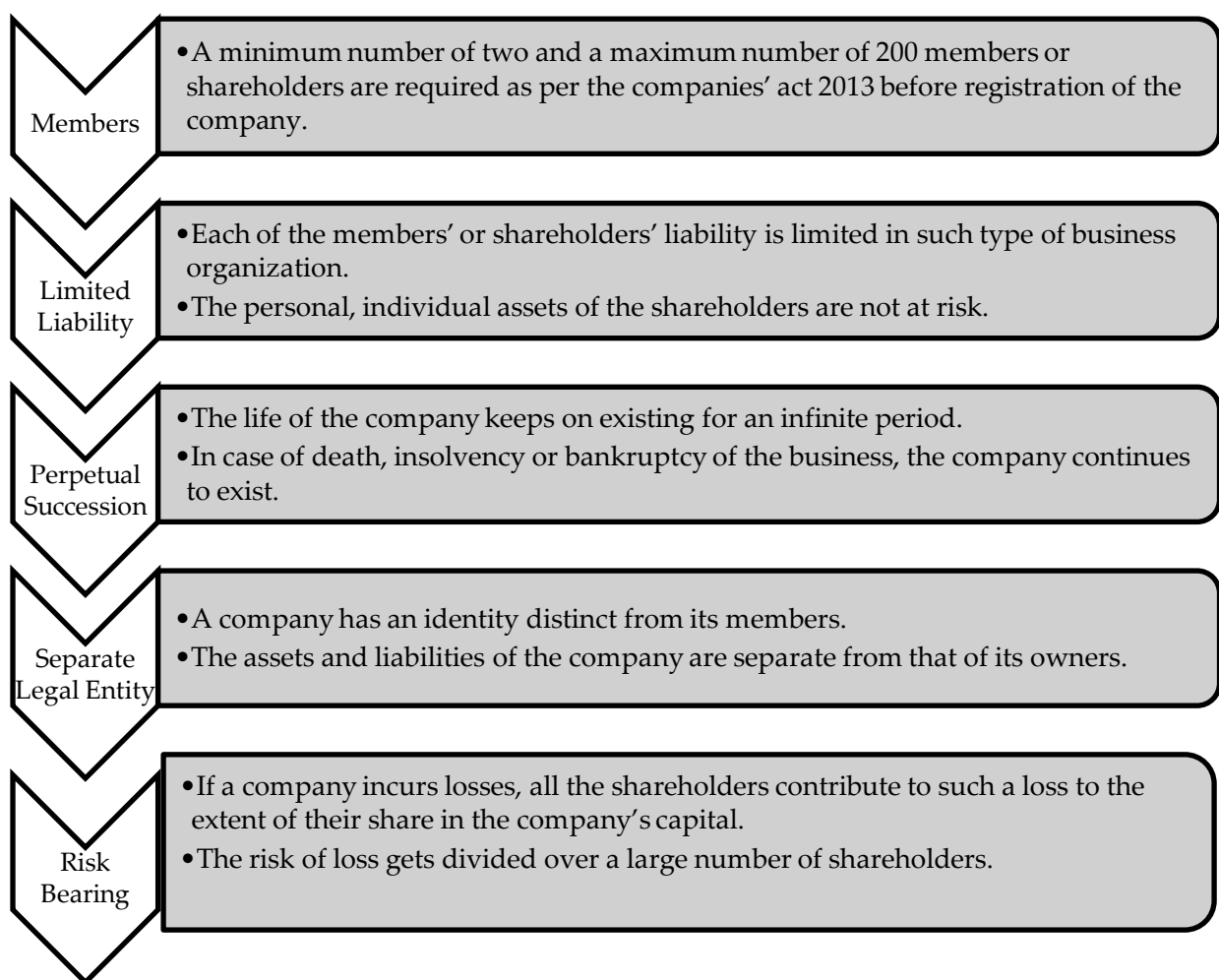


Figure 6.2 **Characteristics of private limited company registration**

Private limited companies are legally required to maintain a number of important statutory registers at a location where they can be inspected when required. Companies will generally store these registers at their registered office and Companies House should be informed and kept up-to-date of their whereabouts

at all times. A company can be registered either electronically or by sending paper forms and documents to Companies House. In general, online registration includes five steps (see Figure 6.3):

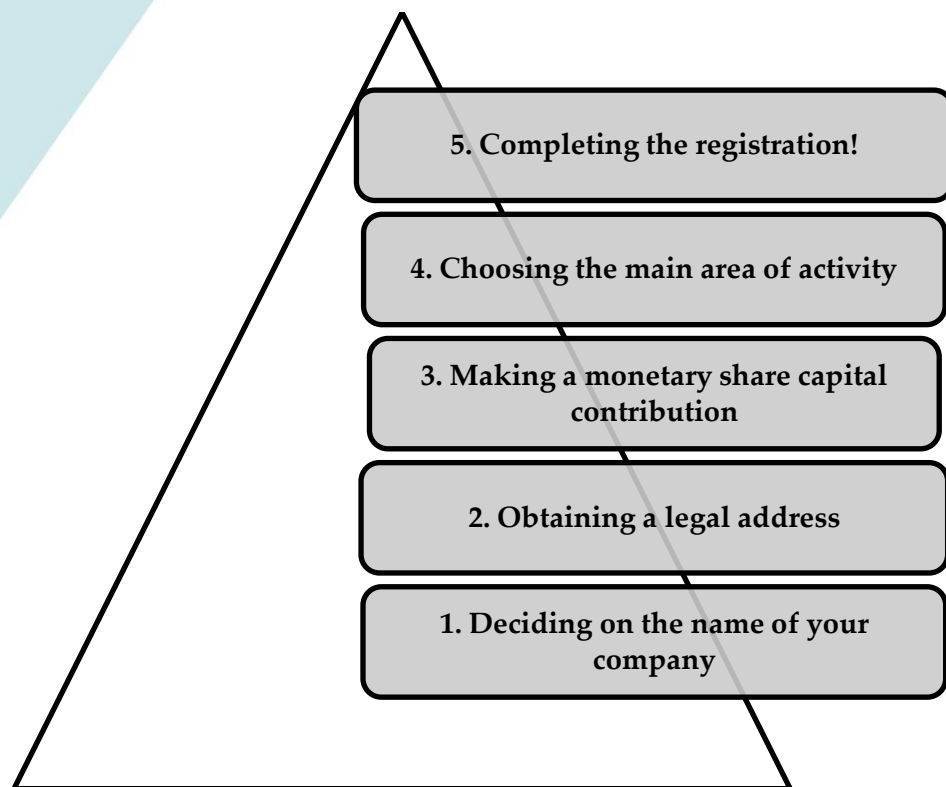


Figure 6.3 **Steps of online registration**

In practice, one of the main difficulties is selecting a name which is available for registration. There are over 2 million companies that are already registered and each has to have a different name. There are also rules about the acceptability of a company name. According to Company Law Solutions Ltd (2019), a new company name must:

- end in "Limited", "Ltd";
- not be the same as one already registered;
- not contain certain sensitive words without permission;
- not suggest connection with the government or a public authority;
- not be offensive or constitute a criminal offence.

The name of company must be distinguishable and unique. If entrepreneurs want to create a homepage for their company, then it is recommended to check if the desirable domain name is available.

A private limited company can easily be started and registered by combination of two members. Shareholders in a private limited company are well known to each other due to close relationship. A setting up a limited company is popular way to set up a business as it offers protection should the business fail. Any business

debts will only have to be paid by the business, not the owner or the shareholders. There are some advantages and disadvantages of running a limited company, as well as, other structures (see Figure 6.4):

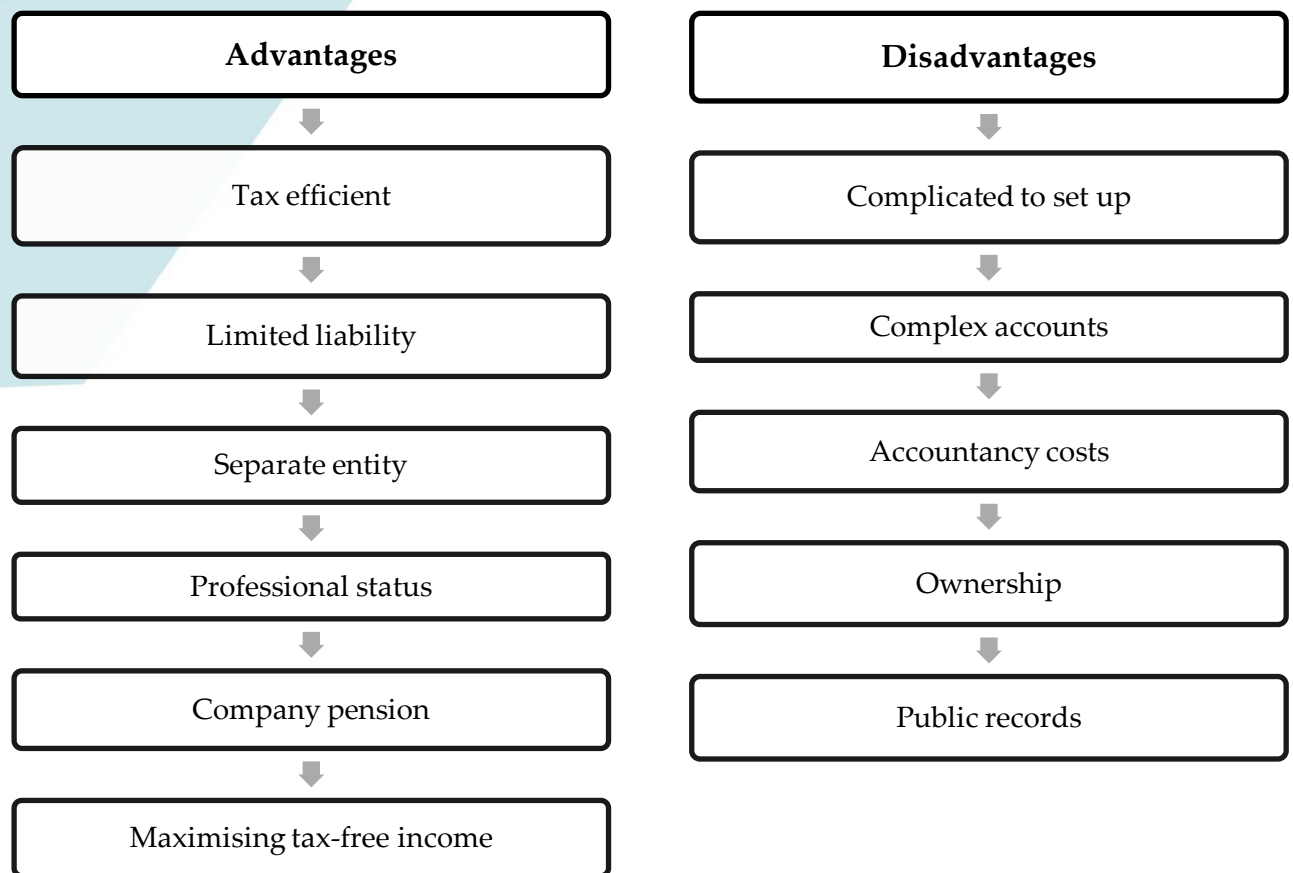


Figure 6.4 **Advantages and disadvantages of a limited company**

A private limited company is more likely to be tax efficient compared to other business models. That is one of the many reasons it's a popular business model. A limited company offers limited liability to the business owner. This is one of the biggest reasons why entrepreneurs for this business structure. Having limited liability means that if a business incurs debts, entrepreneur's personal assets and finances will be protected in the eyes of the law. A limited company business is a separate entity to its owner. This is another great benefit of setting up a limited company. A limited company director has the protection, should the business fail. As the company is the separate entity, it can enter into contracts and is liable for all the business actions. A limited company director will have no attachment to the company's actions apart from their share of the company. When the entrepreneur registers his or her business, no one can use that name. This makes entrepreneur business individual and it can also help it to be found easily online. As an owner of the limited company, the director can invest pre-tax sum into a company pension scheme. This means that the director can save money instead of taking money out and investing it in a personal pension scheme, which will be subjected to both business and personal tax. A limited company will allow the entrepreneur to maximise tax-free income, by having a

husband/wife/partner and children shareholders. This will mean that each person can take the tax-free salary.

Also, here are the disadvantages of a limited company. A setting up a limited company will mean registering with the Companies House. The entrepreneur will also have to pay a fee for setting up. Limited company accounts can be complicated compared to other business structures. This will require the director to record information on the monthly basis. Some of the things that need to be covered are tax returns, business expenses and keeping the business accounts up to date. By a setting a limited company, it is advised hire an accountant in order to deal with the taxes. A limited company is likely to have shareholders, and those shareholders have a say in how the business is run. If a limited company has multiple shareholders then their opinions and views need to be taken into account. As a limited company owner, the entrepreneur has to register his or her business. This will mean that the entrepreneur provides information on company accounts, company records, company directors and company shareholders. This reduces the level of privacy a business has.

According to Beattie (2019), there some alternatives to starting own business and deliver many benefits of being a business owner while avoiding some of the drawbacks to starting a business (see Figure 6.5). According to Beattie (2019), instead of investing in a business, entrepreneurs can look into becoming partners in an existing business. This can give the entrepreneurial experience, minus the start-up phase, and allow entrepreneurs to choose the type of work they want to do. Another option is to become an entrepreneur within a larger organization. Some companies have structures encouraging employees to pioneer new business lines in return for equity or bonuses. An entrepreneur can build own business within a larger organization, with the advantage of having start-up capital from the beginning and less personal risk. Also an entrepreneur may even be able to kick-start an entrepreneurship program by asking to spend a percentage of his or her time working on pet projects with bonus structures.

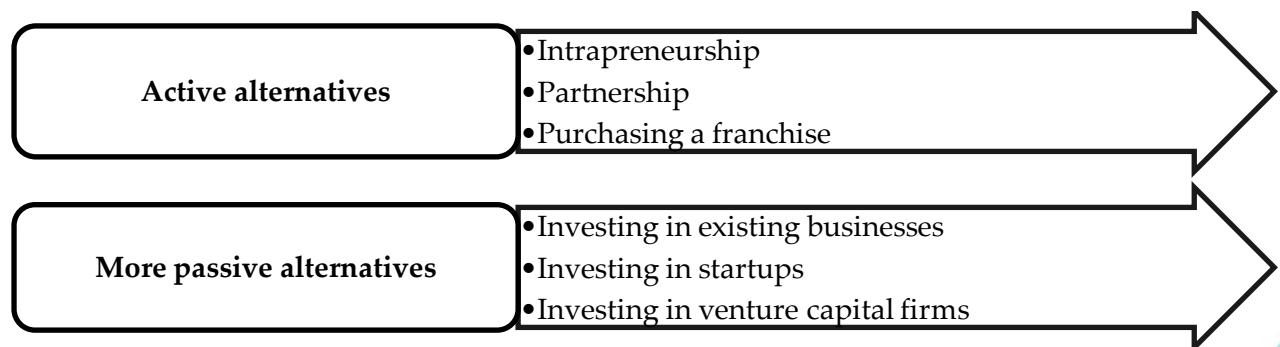


Figure 6.5 Alternatives for establishing a company

An entrepreneurship can offer some of the same benefits as entrepreneurship without forcing you to give up the security of a day job. People who want a true entrepreneur experience will also have issues with the limitations the franchise office imposes as far as creative control. Benefits of a franchise include a

recognized brand, resources to draw from, and economies of scale the franchise network creates. The franchises have a stronger support network and generally have a better success rate compared with the vast majority of start-ups. More passive alternatives to starting own business—those in which an entrepreneur owns a business through investment—include investing your capital in existing businesses, start-ups, or venture capital firms that finance those start-ups.

Suggestions for a young entrepreneur:

1) Discuss with the Mentor the different types of businesses when forming a company.

2) Plastic pollution is a global problem, and there is a public desire and political will solve it, so entrepreneurs who come up with a solution will certainly reap the rewards on several levels. Please think and discuss with your team or Mentor about the type business could solve this problem.

3) Discuss with the Mentor the characteristics of private limited company.

4) Watch few videos:

- How to register a company.
<https://www.youtube.com/watch?v=DSNJFazQxCA>
- The Psychology of Creating A Name Your Customers Can't Forget

https://www.youtube.com/watch?v=wobU_EODf80

References

1) AR, S. (2019). Pvt Ltd Company Registration: A Detailed Guide.
<https://quickbooks.intuit.com/in/resources/legal/pvt-ltd-company-registration/>.

2) Beattie, A. (2019). 5 Alternatives to Starting Your Own Business.
<https://www.investopedia.com/articles/financialcareers/11/alternatives-to-starting-your-own-business.asp>.

3) Business dictionary (2019). Company vs Corporation.

<http://www.businessdictionary.com/definition/company.html>.

4) Company Law Solutions Ltd (2019).
<https://www.companylawclub.co.uk/company-names-when-registering-a-company>.

5) Hayes, A. (2019). What Is Ltd. (Limited)?
<https://www.investopedia.com/terms/l/ltd-limited.asp>

6) Kenton, W. (2019). What Is a Company?
<https://www.investopedia.com/terms/c/company.asp>

7) [Korchak](#), J. (2015).What is a company limited by guarantee?

Module VII - Plan Your Marketing

This section examines the main elements of the creating of a marketing plan. It sets out to identify:

- What is marketing?
- What is a marketing plan?
- Why do we need a marketing plan?
- How do you approach building a marketing plan?
- The components of the marketing plan
- Product positioning
- The value perceived by the consumer
- Different ways of marketing

According to Kotler (2002), marketing is “a societal process by which individuals and groups obtain what they need and want through creating product, offering for sale, and exchanging products and services of value with others”. With reference to American Marketing Association (2017), “marketing is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large”. There are many definitions attributed throughout time to marketing. As stated Burns (2013), we could simply and solely state that “it is the art of finding buyers for products and services at a profit”. Marketing as the management process includes the coordination of four elements called the 4 Ps of marketing (see Figure 7.1). The four Ps of marketing are the key factors that are involved in the marketing of a good or service.

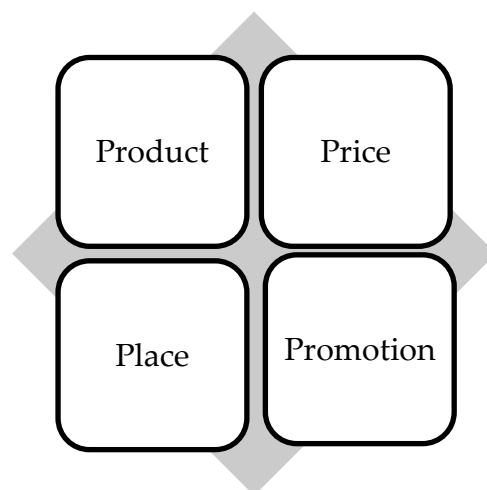


Figure 7.1 **Four elements (4Ps) of marketing**

Product refers to a good or service that an entrepreneur offers to customers. A product should fulfil a certain consumer demand or be so compelling that consumers believe they need to have it. Price is the cost consumers pay for a product. Place decisions outline where an entrepreneur could sell a product and how it delivers the product to the market. Promotion includes advertising, public relations, and promotional strategy.

"A marketing plan is a set of orderly actions aimed at achieving specific objective(s) within a given timeframe (Evans &Ballen, 2018). A marketing plan is a strategic document outlining the actions/steps for the achieving of marketing objectives. A marketing plan helps entrepreneurs to focus their efforts on maximizing profits, to clearly define the product and/or service they are offering, to identify their customers and competitors, to outline a strategy for attracting and retaining customers, and to anticipate changes in the marketplace (Evans &Ballen, 2018). According to Evans &Ballen (2018), preparing of a marketing plan does require a minimum amount of market research. It involves collecting, analyzing, and organizing information (see Figure 7.2).

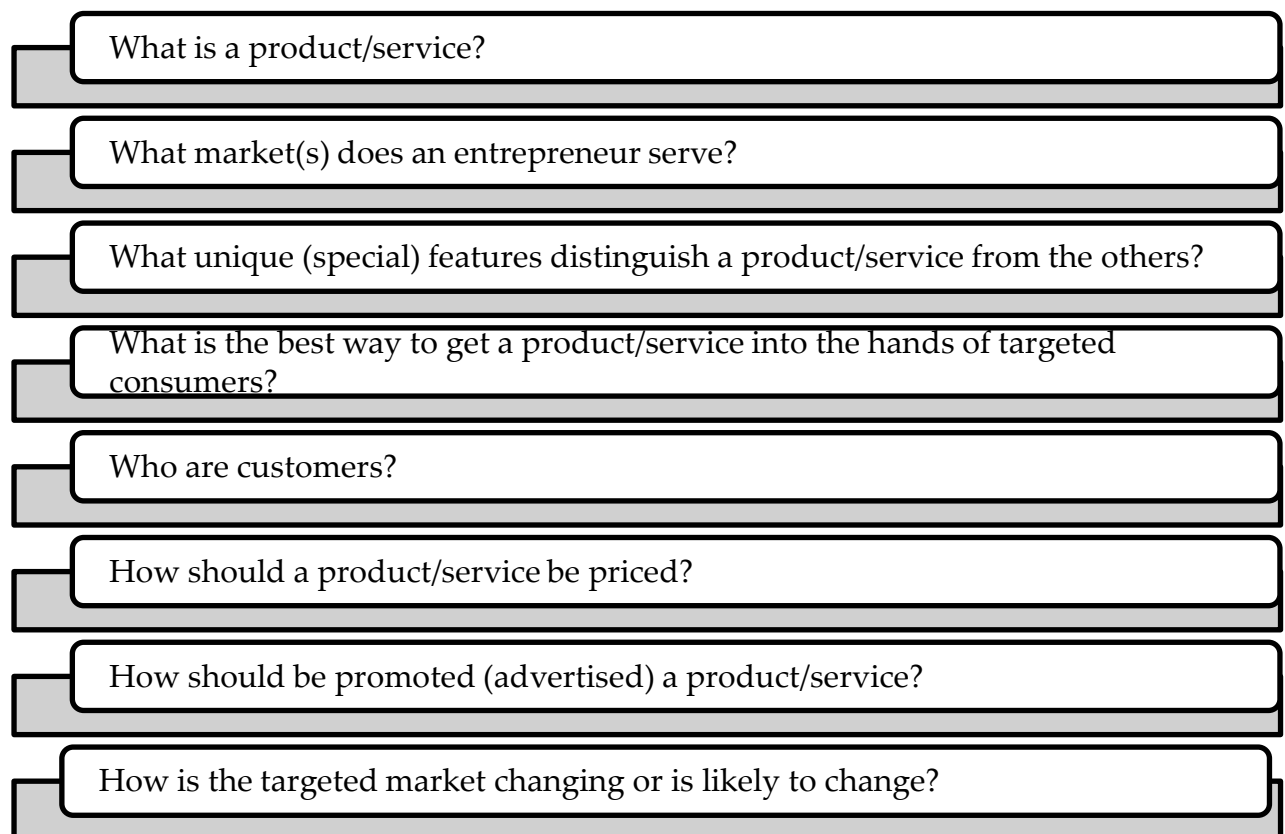


Figure 7.2 **Information for market research**

The components of marketing plan may vary, but, according to Evans &Ballen (2018), most should contain the following components (see Figure 7.3):

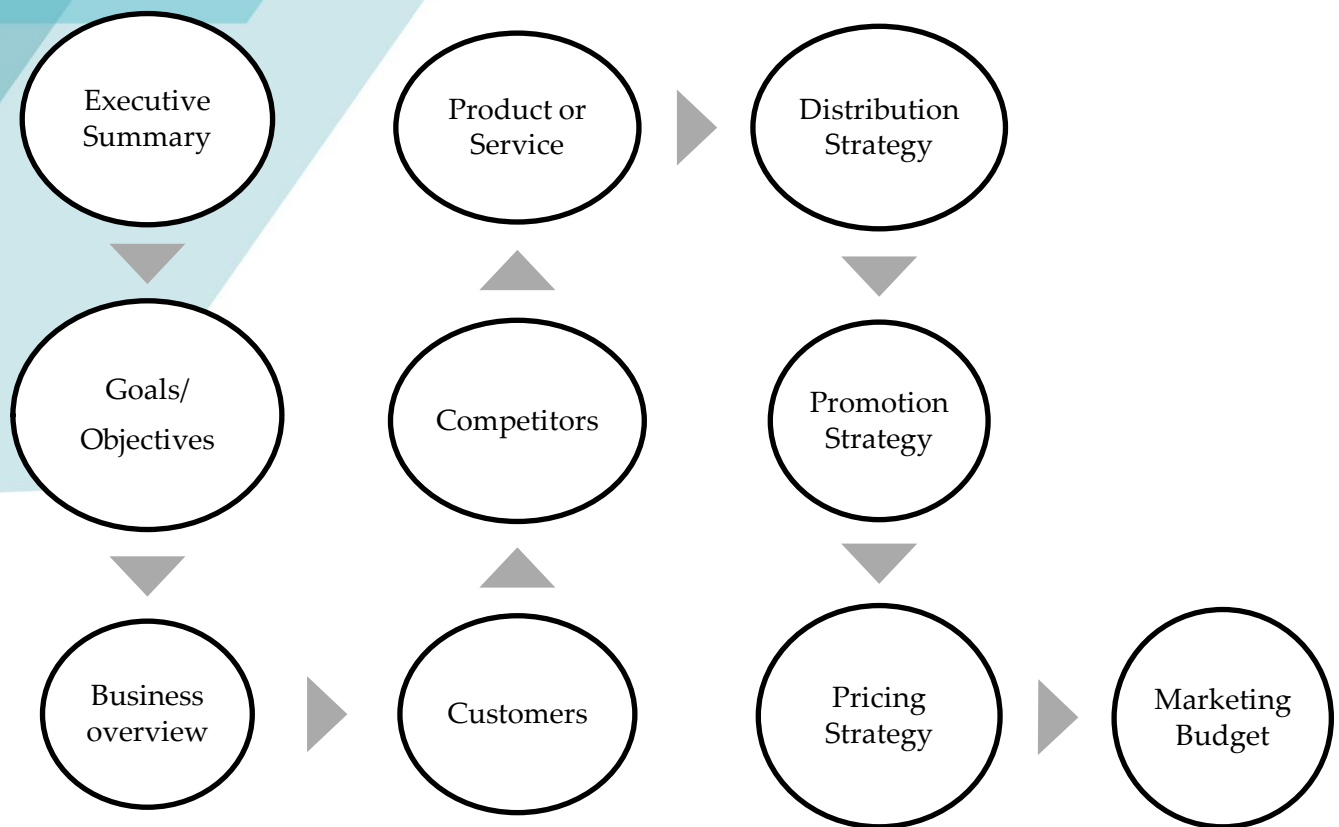


Figure 7.3 **Components of marketing plan**

An executive summary is a short paragraph to inform the reader about what the plan is trying to present. It should be the first part of a marketing plan. List of objectives the entrepreneur wants to achieve should also be presented in the marketing plan. The key activities of business should be mentioned briefly in the business overview. Then a detailed explanation of the product/service which the entrepreneur wants to offer or promote should be introduced. Competitors' analysis should include defining major competitors, their products and pricing, and strengths and weaknesses. Defining an ideal customer shouldn't be a difficult process. The entrepreneurs do not need serve everyone, but their customers' needs should be well-defined. The distribution method and promotion strategy should be introduced. It could be retail, wholesale, telemarketing, networking, sales force, advertising or internet marketing. This also includes social media, such as Twitter, Facebook, LinkedIn, etc. Then a detailed explanation of a pricing strategy should be defined. Entrepreneurs can implement a marketing plan based on a pricing strategy. One of tactics is to become known as the price leader in the market by offering lower prices than the competitor on high-demand products or services. A quality pricing strategy is often accompanied by a promise of delivering high quality customer service or products. The ultimate goal of investing in marketing is to make the return on sales revenue and profit in a short or long term. As a result, a plan should give the overall budget for performing marketing strategies. The schedule and the

progress to implement marketing tasks and activities as well as how to assess the effectiveness of marketing strategies and the possibility of achieving targeted objectives should be introduced. For each activity should be established a metric that tells entrepreneurs to stop if it's not generating sufficient return on investment.

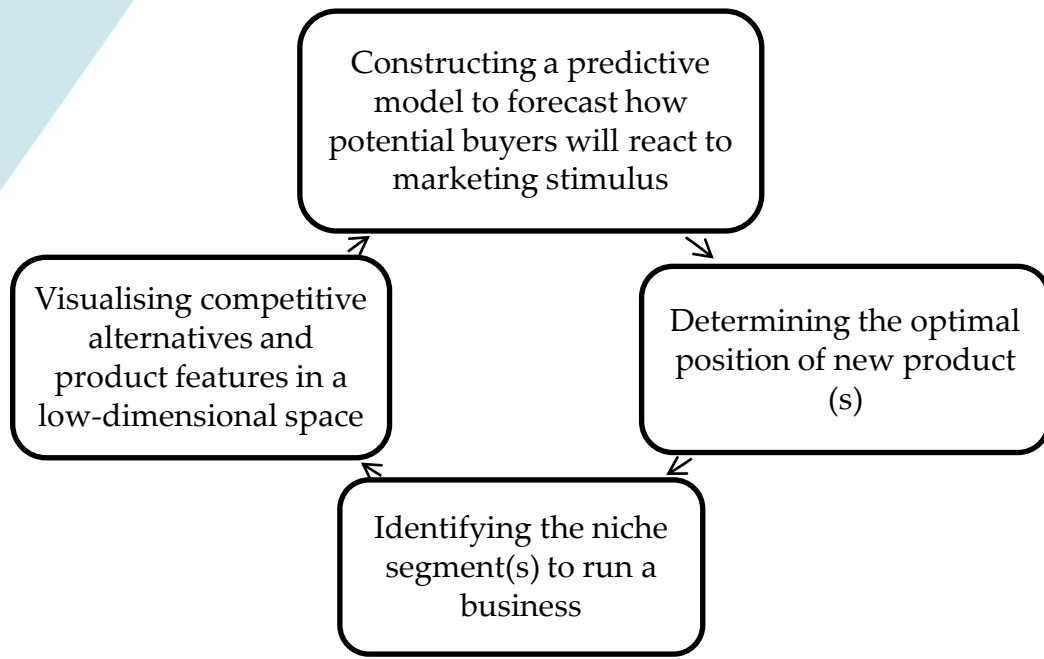


Figure 7.4 Steps for the implementation of product positioning according Cha, Kim & Lee (2009)

According to Wang (2015), "product positioning and product recommendation are two important business strategies to enhance customer retention, customer acquisition and customer satisfaction". Positioning refers to implementing a set of tactics to ensure these characteristics can occupy a unique position in the minds of customers (Lilien&Rangaswamy, 2003). Product positioning outlines all of the features that make a new product unique and communicates how and why it's better than other products or solutions. Effective product positioning considers target audience and their needs and how a new product can directly and effectively address those needs. As stated Cha, Kim & Lee (2009), product positioning is implemented through a series of steps (see Figure 7.4):

The positioning of a new product should include seven elements (see Figure 7.5). Defining a mission will help entrepreneurs think more clearly about why a new product was introduced and how they will bring a new product to life in the market. Market category is a competition zone of entrepreneurs.

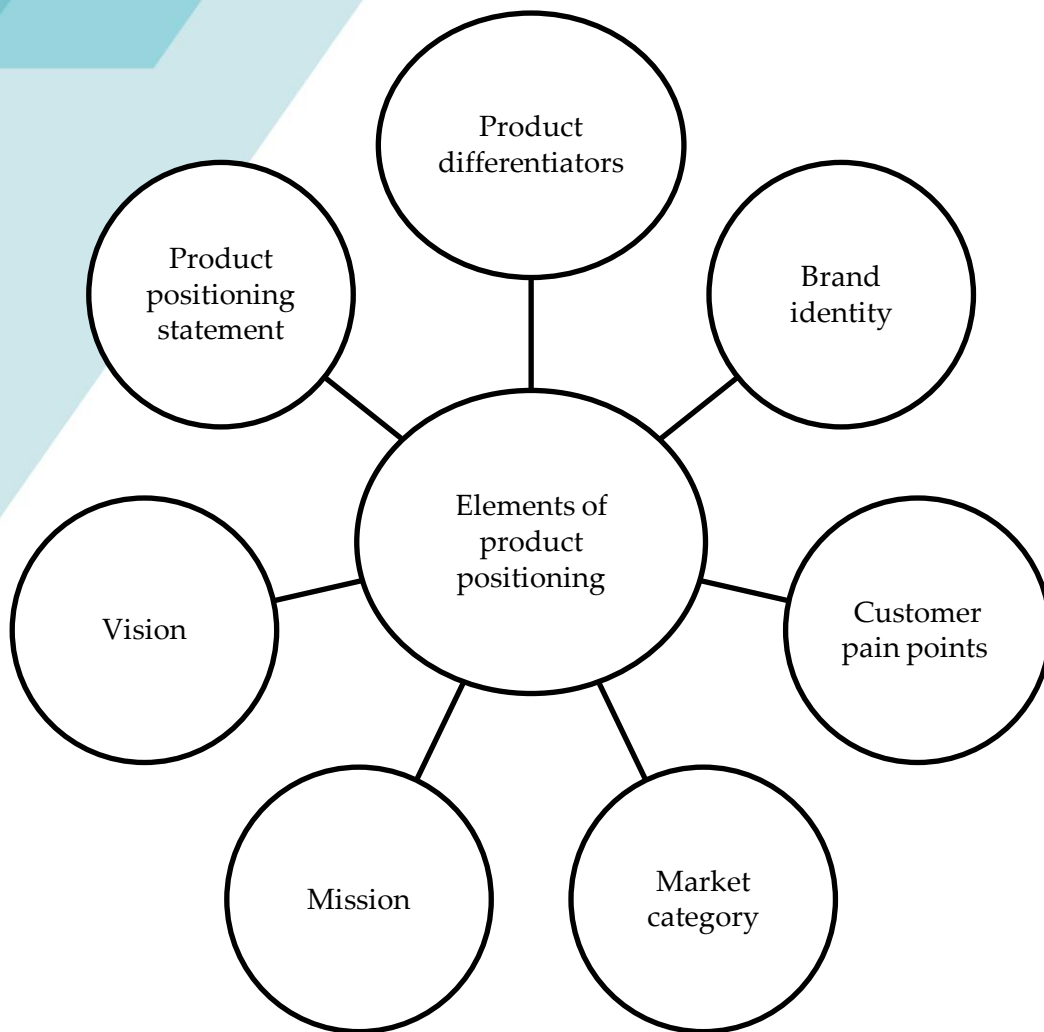


Figure 7.5 Elements of product positioning

What kind of product are they selling? Defining customer primary pain points can help entrepreneurs think more clearly about how their products address it. The key is to clearly define why a new product provides a better solution to the problem and how. It is very important to differentiate a new product from competitor’s products. Brand identity involves all the components related to a product. Some of these items are the name, logo and shape that create an appeal. Brand identity is a separate category from brand image. Brand identity is the message the consumer receives from the product. The brand identity will connect product recognition. The creation of brand identity requires introspection and vision. Vision is defining of entrepreneur’s vision for the product’s evolution or future. Product positioning statement is a description of a product and its value to target audience.

As stated Kokemuller (2019), “customer perceived value is the notion that the success of a product or service is largely based on whether customers believe it can satisfy their wants and needs”. In other words, when an entrepreneur develops his brand and markets his products, customers ultimately determine how to interpret and react to marketing messages. Entrepreneurs could spend

significant time researching the market to get a sense of how customers think and feel. Market research is very important to determine what customer values. Entrepreneurs may use focus groups, surveys and other research tools to get a sense of what customers want and don't want from products. Knowing what customers think and want gives entrepreneur a better ability to influence them. One of the primary challenges of instilling a value perception in customers is making sure that a product or service stands out when compared to the product or service of competitors. Customers compare their perceived value of similar products when making a decision.

Customer perceived value can be determined by the relationship between perceived benefits and perceived costs (see Figure 7.6). Customer perceived value does not refer to price. It refers to the perceived benefits stood to be gained in the context of price. Cost is only part of the equation.



Figure 7.6 **Customer perceived value**

In order to satisfy customer wants and needs entrepreneurs have to think of everything they could do in terms of delivering value to their customers; they have to understand their market, always look for the opportunity to create new value proposition and communicate the value of a product or service at the right time and in the right place. It is very important to listen to the customers and to learn their perceptions about what the product entrepreneurs offer (see Figure 7.7).

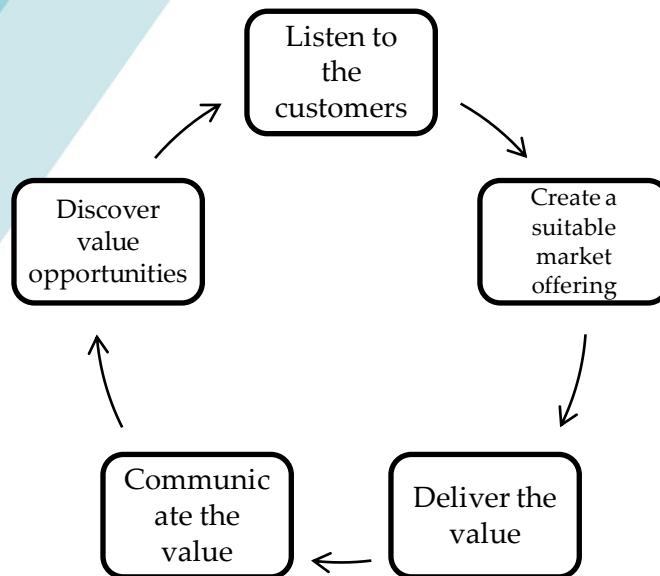


Figure 7.7 **Customer perceived value**

According to Darroch&Miles (2011), both marketing and entrepreneurship are the elements required for success in market creation initiatives. Customers are the starting point for marketing activities. Customers today are smart and intelligent.

As stated Hipwell& Reeves (2013), customers know that they have the rights to choose what information to receive, in what kind of format that information is in and whether to believe the content. Different ways of marketing can be used to target different customers at different stages (see Figure 8.8). Paid advertising includes multiple approaches for marketing. It includes traditional approaches like TVCs, print media advertising and internet marketing. Because marketing links the services and products to a social cause or issue. It is also well known as cause related marketing. Relationship marketing is basically focused on enhancing existing relationships with customers and improving customer loyalty. Undercover marketing focuses on marketing the product while customers remain unaware of the marketing strategy. Word of mouth totally relies on what impression entrepreneurs leave on people.

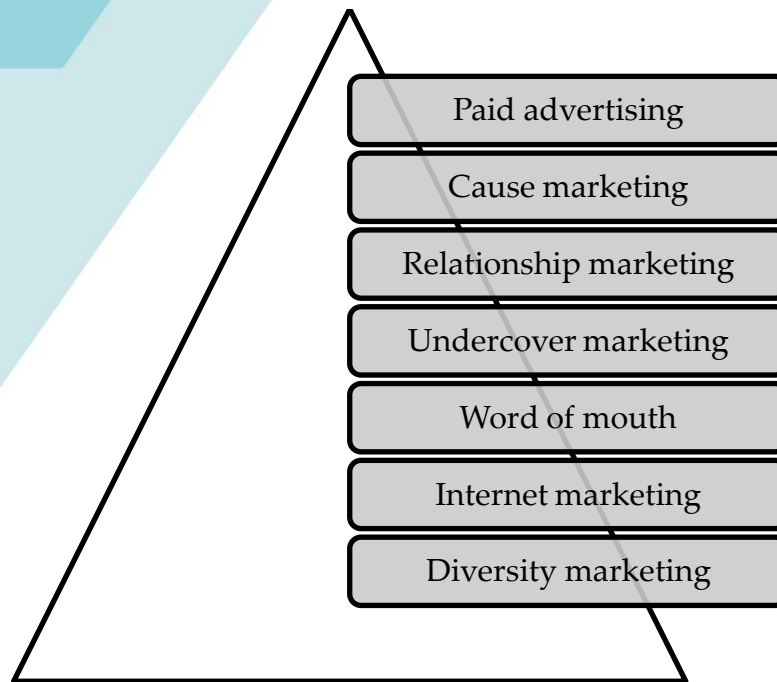


Figure 8.8 **Different ways of marketing**

It is traditionally the most important type of marketing strategy (Bhasin, 2019). Internet marketing usually happens over the internet. All the marketing items are shared on the internet and promoted on various platforms via multiple approaches. Diversity marketing caters diverse audience by customizing and integrating different marketing strategies. It covers different aspects like cultural, beliefs, attitudes, views and other specific needs (Bhasin, 2019).

Picking up a marketing way includes analyzing the needs of entrepreneur business, his or her target customers and specifications of the products. Entrepreneurs might need more than one way of marketing to keep their business growing.

Suggestions for a young entrepreneur:

- 1) Discuss with the Mentor the information needed for preparing of a marketing plan (Figure 8.2).
- 2) Choose one of planning templates and create a marketing plan <https://blog.hubspot.com/marketing/marketing-plan-template-generator>
- 3) Use one of existing product positioning templates and describe a new product and its value to your target audience. <https://miro.com/templates/product-positioning/>
- 4) Storytelling is an emotional way to reach your customer. Say a story in exactly six words for your mentor.

References

1. American Marketing Association (2017). Definitions of Marketing. <https://www.ama.org/the-definition-of-marketing-what-is-marketing/>

2. Bhasin, H. (2019). 15 Types of Marketing Strategies. <https://www.marketing91.com/15-types-of-marketing-strategies/>
3. Burns, R. (2013). Marketing in less than 1000 words.Reactor 15 Ltd.
4. Cha, J. E., Kim, S., & Lee, Y. (2009). Application of Multidimensional Scaling for Marketing-mix Modification: A Case Study on Mobile Phone Category. *Expert Systems with Applications*, 36, 4884–4890.
5. Darroch, J., & Miles, M. P. (2011). Implementing Innovation: What Does it Take to Create a New Market? *Journal of Business Research*, 64, 723-727.
6. Evans, E. A., &Ballen, F. H. (2018). Eight Steps to Developing A Simple Marketing Plan1. <https://edis.ifas.ufl.edu/pdffiles/FE/FE96700.pdf> Edward A. Evans and Fredy H. Ballen.
7. Hipwell, K., & Reeves, M. (2013). How to Use Content to Grip Your Audience Like a Broadcaster. *Journal of Brand Strategy*, 2(1), 63-75.
8. Kotler, P. (2002). *Marketing Management: Analysis Planning and Control*, (8th ed). Englewood Cliffs, NJ: Prentice Hall.
9. Kokemuller, N. (2019). What Is Customer Perceived Value?
<https://smallbusiness.chron.com/customer-perceived-value-23692.html>
10. Lilien, G. L., &Rangaswamy, A. (2003). *Marketing Engineering – Computer Assisted Marketing Analysis and Planning*, (2nd ed). New York: Prentice Hall.
11. Wang, C.-H. (2015). A Market-Oriented Approach to Accomplish Product Positioning and Product Recommendation for Smart Phones and Wearable Devices.[International Journal of Production Research](https://doi.org/10.1007/s11869-015-0253-2), 53(8), 2542-2553.

Module VIII - Create a Sales Pitch

This section examines the main elements of the creating of a sales pitch. It sets out to identify:

- Why should an entrepreneur know how to speak in public?
- Different situations for speaking in front of an audience
- How does the audience see us?
- Presentation structure
- Preparing and practicing for public speaking

“When an entrepreneur grows as a person, the business will also grow. The more an entrepreneur exposes himself or herself to communicate his or her ideas effectively through public speaking, the more self-esteem he or she will gain. The more self-esteem is gained, the more driven the entrepreneur will be in seeking progress within his or her business” (Afendi, 2019). Young entrepreneurs need to know how to present an idea because is not enough to have a good idea and great business model or great business plan for successful idea implementation.

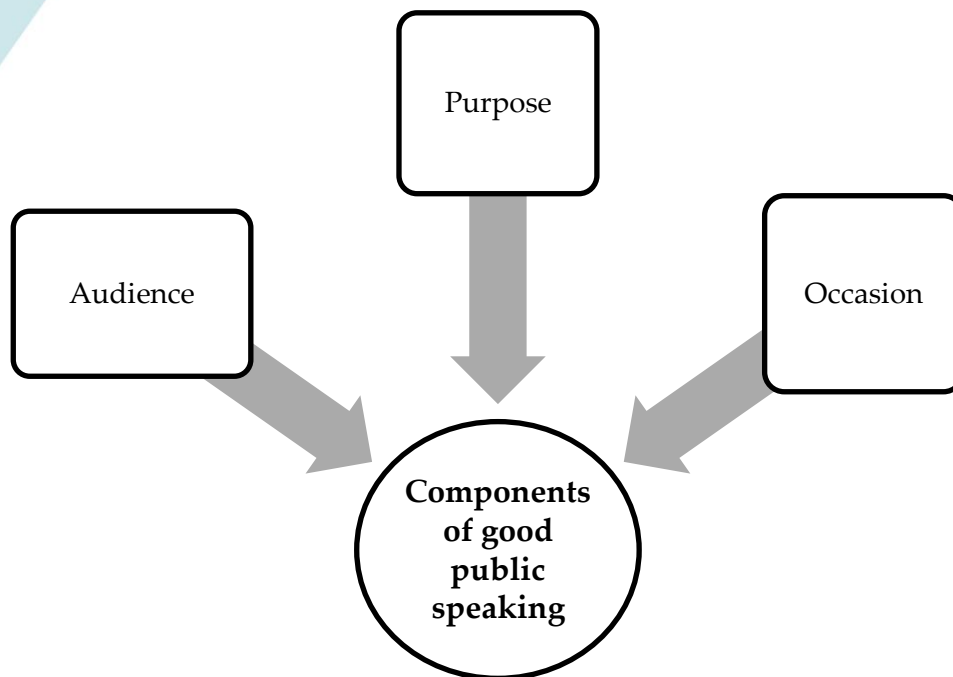


Figure 8.1 **Components of good public speaking**

Speaking in front of an audience differs from written communication in that the audience is present, gathered for some occasion. That occasion has norms and expectations that a speaker must recognize. Young entrepreneurs have the purpose to present their business ideas. Good public speaking always accounts for three components: audience, occasion and purpose (see figure 8.1).

Young entrepreneur has to communicate differently to different audiences (see Figure 8.2). Two main questions guide audience adaptation in a speaking situation: Who are they? What qualities about them are relevant? Distinguishing general from specific audiences is useful.

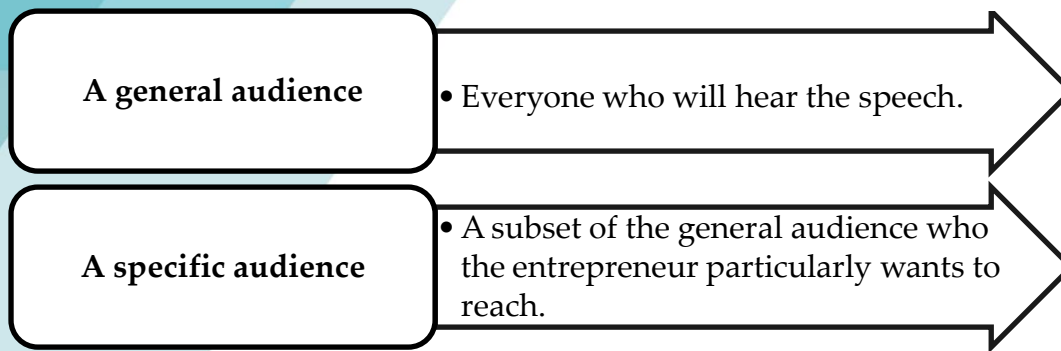


Figure 8.2 **Types of audience**

There are two general purposes: to inform or to persuade. When young entrepreneur seeks to inform, he wants the audience to leave the speech knowing more than they knew beforehand. When an entrepreneur aims to persuade an audience, he wants them to adopt a new position or belief. Persuasion calls young entrepreneur to advocate one position among others that are possible and be willing to defend it against challenges.

Young entrepreneur must be the most enthusiastic person, who is able to speak for a public in confident manner, be polite and able to answer questions because a good presenter must be able to speak clearly, fluently and in a coherent manner. It is important what an entrepreneur will say, how he or she will say and how he or she will look. The gestures and mimics, eye contacts, intonation and emphasis are important to. Pauses are a useful tool. It could help to deliver a message effectively. Confidence builds instant credibility; posture plays a key role in that.

According to Wecker (2012), in presentations with regular slides, it is information presented both orally and on slides are better remembered than information presented only orally. A picture is worth a thousand words. The most memorable presentations are those that not only deliver powerful content—but also include visual appeal (Microsoft 365 Team, 2019). It is a good idea to analyse the steps in preparing a presentation

(see Figure 8.3) and to base the Pitch on a template, as this helps to prioritize and structure the material.

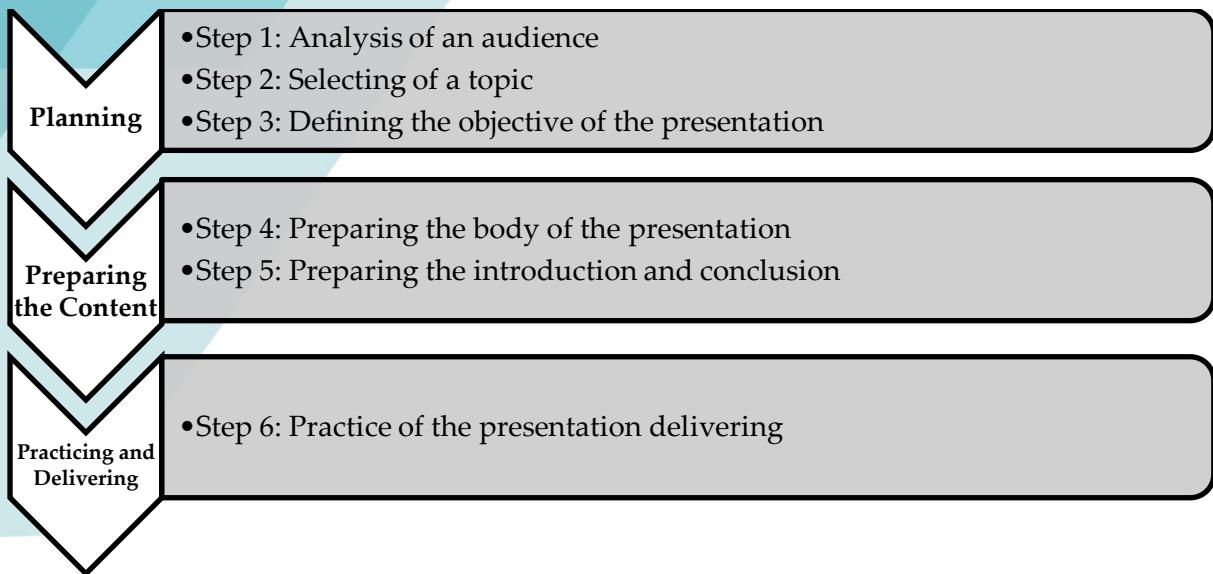


Figure 8.3 **Steps in preparing a presentation**

Different templates may be selected for the Pitch. NABC and Guy Kawasaki 10-20-30 rule are most useful tools. NABC method means the following sequence for revealing the information during pitch - Need, Approach, Benefit and Competition (see Figure 8.4).

Guy Kawasaki 10-20-30 rule for Pitch will not allow put more text on slides, but learn the presentation. No one wants to read small letters instead of listening to the presentation (see X picture). When Kawasaki first proposed the 10-20-30 Rule, he also suggested ten topics for the ten slides (see Figure 8.5).

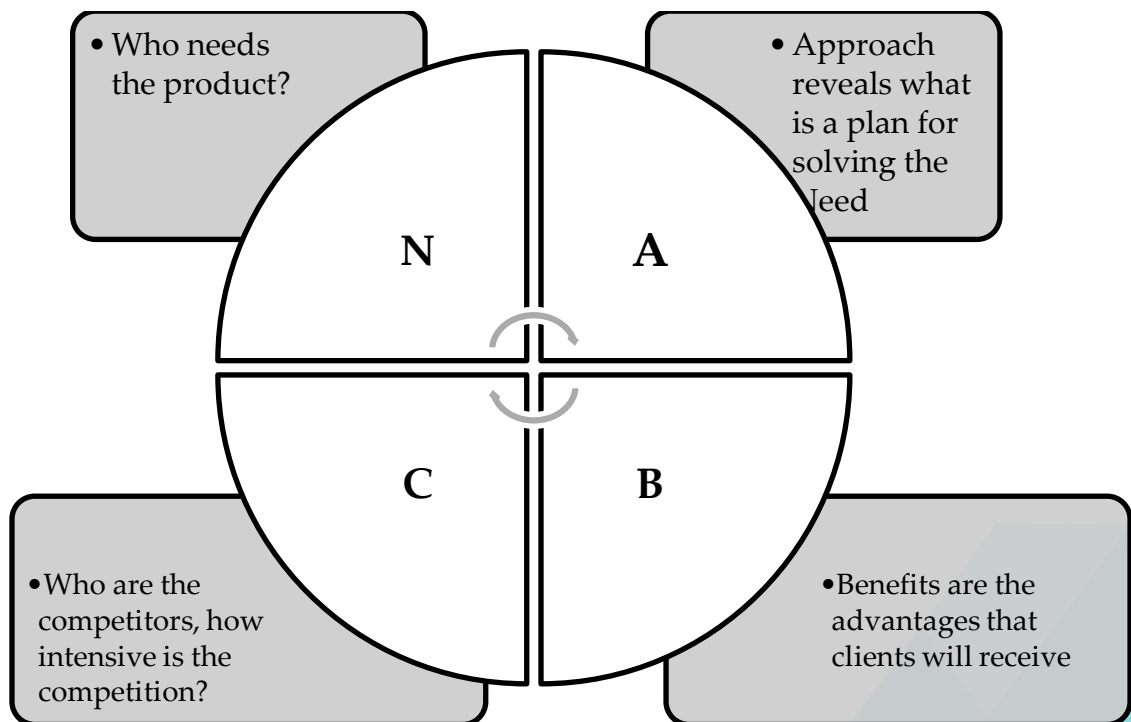


Figure 8.4 **NABC Pitch**

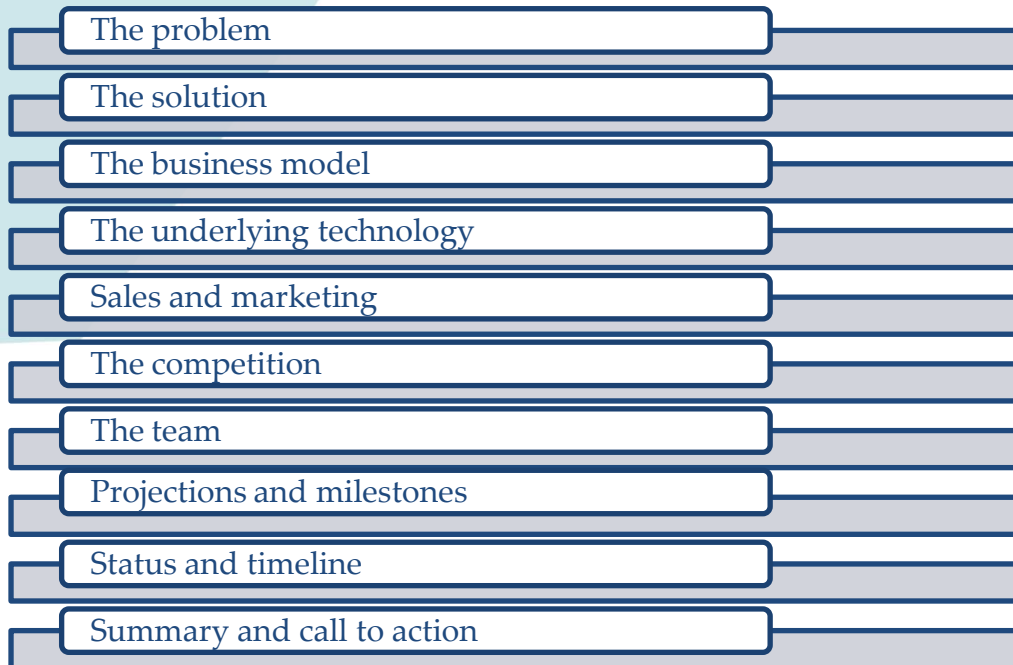


Figure 8.5 **Guy Kawasaki 10-20-30topics**

20 minutes: maximum time that a speaker has to pitch the above. 30 points is minimum font on the slides. This rule will not allow a speaker to put more text on slides, but learn the presentation. No one wants to read small letters instead of listening to the presentation.

Pitches should be short, appealing, highlighting all key information within the given time. It is essential that a Pitch is practiced many times.

Suggestions for a young entrepreneur:

1) Practice alone, aloud, in front on the mirror, on stage, to friends, to mentor, to team, to parents and everyone that wants to listen and ask questions. This will help you to prepare for the pitch and feel confident; ensure that your idea and business model and financials are explained in a given time.

2) Pitch several times for the Mentor. Record the rehearsal and learn. Pitch final rehearsal on the stage.

3) Watch few videos:

- 2018 elevator pitch winner:
<https://www.youtube.com/watch?v=i6O98o2FRHw>

- 2018 elevator pitch winner:
<https://www.youtube.com/watch?v=ZXyDY9DPGzk>
- Youth Entrepreneur Pitch Competition at 2018 HOPE Global Forums:
<https://www.youtube.com/watch?v=q6W0IxAnz4o>

References

1. Afendi, A. (2019). Effective Public Speaking Can Propel Entrepreneurs To The Next Level. <http://entrepreneurinsight.com.my/effective-public-speaking-can-propel-entrepreneurs-to-the-next-level/>
2. Microsoft 365 Team (2019). <https://www.chorus.co/resources/news/microsoft-teams-a-beginners-guide-to-teams-in-office-365>.
3. Wecker, C. (2012). Slide Presentations as Speech Suppressors: When and Why Learners Miss Oral Information. *Computers & Education*, 59, 260–273.

Module IX - Social entrepreneurship

This section examines the main elements of social entrepreneurship. It sets out to identify:

- What is social entrepreneurship?
- What are the differences between social entrepreneurship and traditional business ventures?
- Who is a social entrepreneur?
- What are the opportunities for social entrepreneurship?
- What are types of social business models
- What is social business model canvas?

According to Zahra et al. (2009), “social entrepreneurship are the activities and processes undertaken to discover, define, and exploit opportunities in order to enhance social wealth by creating new ventures or managing existing organizations in an innovative manner”. Social entrepreneurship is implemented with flexibility where a person or a group of people intent at creating social value. Social entrepreneurship mainly focuses on creating social capital without measuring the performance in profit or return in monetary terms. The entrepreneurs in this field are associated with non-profit sectors and organizations. This does not eliminate the need of making profit. After all entrepreneurs need capital to carry on with the process and bring a positive change in the society.

Generally, social entrepreneurship is knowable as the use of start-ups and other entrepreneurs to develop, fund and implement solutions to social, cultural, or

environmental issues. Austin et al. (2006) have compared social entrepreneurship with entrepreneurship and identified four key differences: the nature of emergent opportunities; differences in mission; differences in resource mobilisation and management and performance measurement especially of social impact. Gandhi & Raina (2018) identified several parameters that differentiate social entrepreneurship from the present ways of traditional business ventures (see Figure 9.1). The strategy is cooperative rather than competitive owing to the social mission of entrepreneurs, poor working capital and market orientation in social entrepreneurship. Funding for business enterprises is accomplished through issuance of ownership shares as stocks or incurrence of long term debts - bonds or short term debt - loans. These sources can be used by for-profit social enterprises. Social can also borrow funds or accept donations by charging admission, sales or rental. The difference in funding between for profit and not-for-profit social enterprises lies in the peculiarity between investors and donors.

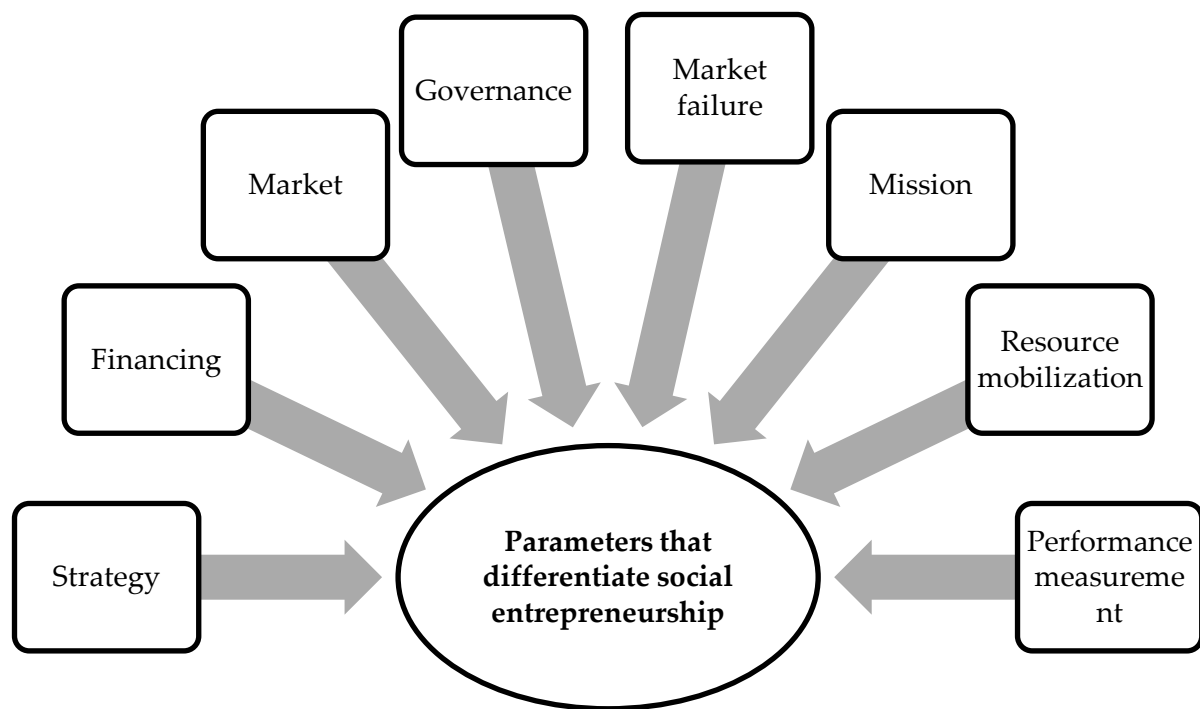


Figure 9.1 Parameters that differentiate social entrepreneurship from traditional business ventures

Business entrepreneurs function in a marketing environment where the supply and demand indirectly influence the price and quantity of the product sold or service rendered. A social entrepreneur marketing environment usually implies that the costs are not fully covered by the revenue. Business entrepreneurship is administered by a Board of Directors accountable to the owners and the stakeholders. Non-profit social entrepreneurship ventures have the possibility of a different governance structure. The commercial market forces do not fulfil a

social need, such as in the case of public goods or in contract failure. A problem for the commercial entrepreneur is an opportunity for the social entrepreneur. The main purpose of social entrepreneurship is creating social value for the greater public good whereas commercial entrepreneurship targets at creating profitable operations resulting in private gain. The non-distributive restriction on surpluses generated by non-profit organizations and the embedded social purpose confines social entrepreneurs from entering into the same capital markets as commercial entrepreneurs. The finances of a social entrepreneurial venture often make it challenging to recompense staff as competitively as in commercial markets. The social aim of the social entrepreneur endures greater challenges for measuring performance than the traditional entrepreneur. The various financial and non-financial stakeholders to whom a social enterprise are accountable to are greater in number and more diverse thereby causing more complexity in managing these relationships.

As stated Phills et al. (2008), social entrepreneurship and social innovation are both about identifying a problem-solving opportunity to meet a social need, and is reflected in the evidence base. Social entrepreneurship and social innovation are increasingly being held as a means of overcoming the market-based mechanisms governing for-profit organizations, and their reinvestment of profits into delivering positive outcomes for communities or stakeholder groups. In contrast to for-profit enterprises, social entrepreneurs focus on a motivation to perform both financially and socially responsible. Choi & Majumdar (2014) argue that while the creation of social value is a necessary condition of social entrepreneurship, it is the combination of social value creation with other elements that together constitute social entrepreneurship.

By Barendsen, L., & Gardner, H. (2004), social entrepreneurs are individuals who approach a social problem with entrepreneurial spirit and business acumen. Social entrepreneurs not only believe that they should create and change, they believe as well that they are able to make this change happen. Usually, a social entrepreneur is knowable as somebody who takes up a pressing social problem and meets it with an innovative or path breaking solution. Social entrepreneurs are people who are passionate and determined about what they do. They possess a very high level of motivation and are visionaries who aim at bringing about a change in the way things are. By definition social entrepreneurs are great people who present their ideas or solutions in a way that many people, who are either part of the problem or surrounding it, recognize a need for change and get on board the change bandwagon. Social entrepreneurs operate with an aim of changing the face of society. Social entrepreneurs are people who work on bringing about change in the modern innovations. They thus work towards improving systems, creating new solutions and laying down fair practices.

Social entrepreneurship is helping to solve problems like unemployment, civic engagement, social security and etc. A social entrepreneur offers many benefits

to society. A social entrepreneur tries to further social, environmental, or cultural goals in areas like healthcare, alleviating poverty, community development, etc. The opportunities in social entrepreneurship are based on the need to create social value which benefits the local community. A social enterprise usually does this by solving a problem or providing assistance in an area of need or disadvantage (see Table 9.1).

Table 9.1 **Opportunities for social entrepreneurship**

- Social enterprises which serve the financially poor population. In these markets, **social enterprise can fulfil the needs of the poorest client groups more effectively**. In this niche, some examples of social entrepreneurship organizations are micro-clinics in low-income zones, affordable irrigation tools to poor farmers, etc.
- New and challenging markets where the entrepreneur is required to incur heavy expenses to stimulate demand and create opportunities. **Social enterprise can help in acclimatizing people to newer and more complex technologies as well as challenging perceptions about certain services which need to be provided by the state**. Some examples are offering counselling services to people living with HIV/AIDS or other socially marginalized groups, micro-insurance products for farmers, etc.
- Markets for products which offer environmental benefits but are not fully commercially competitive. **Many environment-friendly business lines are suitable for social entrepreneurship**.

Social entrepreneurs are innovative and proactive risk-takers who attempt to create a sustainable community. These entrepreneurs identify, assess, and exploit opportunities in an attempt to create social value.

Social enterprises primarily apply business solutions to social problems. The profits of a social enterprise are reinvested in the work of the organization itself. Since social enterprises started undertaking revenue-generating activities, they need a new business model. A business model has two primary elements (see Figure 9.2).

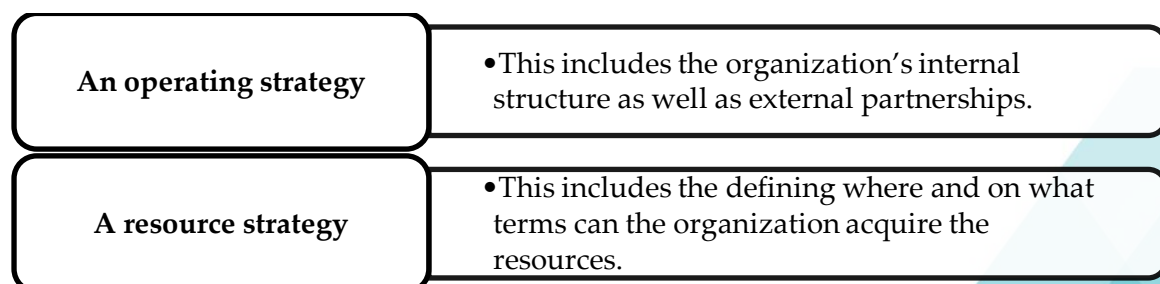


Figure 9.2 **Two primary elements of a business model**

As stated Gandhi & Raina (2018), for social entrepreneurship, recognizing the opportunity is the basic foundation which starts the entrepreneurial behaviour and further broadens social, cultural, and environmental goals. The types of social business models could be various (see Table 9.2).

The social business models are designed keeping in mind the social enterprises' objectives (both financial and social), marketplace dynamics, mission, the legal environment, and client needs and/or capabilities. Usually, business models are embedded within the organization.

The Social Business Model Canvas is a tool for creating a solid business model around the social enterprise. There are two main considerations in selecting the business model canvas for social enterprise, which are the characteristics of business model canvas and social enterprise themselves. As stated Osterwalder & Pigneur (2010), the Business Model Canvas is a useful tool for stakeholders to talk about business model that allows business model to be simple, relevant and intuitively understandable, while not oversimplifying the complexities of how enterprises function. The Canvas is supposed to be simple, relevant and intuitively understandable (Social Innovation Lab, 2013) (see Figure 9.3). As stated Qastharin (2015), selecting of the right Canvas becomes important for social enterprise in order to properly define and further renew its business model.

Table 9.2 **Types of social business models**

Name	Activities	Examples	Key Success Factors
Entrepreneur Support	Sells business support to its target population.	Microfinance organizations, consulting, or tech support	Appropriate training for the entrepreneur
Employment	Provides employment opportunity and job training to clients and then sells its products or services on the open market.	Disabilities or youth organizations providing work opportunities in landscape, cafes, printing, or other business	Job training appropriateness and commercial viability

Fee-for-Service

Sells social services directly to clients or a third-party payer.

Membership organizations, [museums](#), and also clinics

Establishing the appropriate fee structure vis-a-vis the benefits

Organizational Support

Similar to service subsidization, but applies the external model. Further, business activities are separate from social programs.

Implement any type of business

Similar to service subsidization.

Low-income Client

Similar to fee-for-service in terms of offering services to clients but focuses on providing access to those who couldn't otherwise afford it.

Healthcare (prescriptions, eyeglasses), utility programs

Creative distribution systems, lower production and also marketing costs, high operating efficiencies

Suggestions for a young entrepreneur:

- 1) Discuss with the Mentor the differences **between social entrepreneurship** and traditional business ventures.
- 2) Discuss** with the Mentor the types of social business models.
- 3) Use the Social Business Model Canvas (Figure 9.3) and create your business model.

Mission

The purpose of the social enterprise, its reason of existing

Partners

The network of suppliers and partners that make the business model work

Key Activities

The actions that are required to create and offer a value proposition, reach markets, maintain customer relationships and earn revenue

Key Resources

The most important assets required to make business model work. Key resources can be physical, financial, intellectual, or human.

Value proposition

The bundle of products and services that create value for a specific customer segment.

co-creation

beneficiary

Customer Relationship

The types of relationships a company establishes with specific customer segments

Channels

Communication, distribution and sales channels comprise a company's interface with customers. Channels can be direct or indirect, owned or partner channels.

Customer segment

The different groups of people or organizations an enterprise aims to reach and serve.

co-creation

beneficiary

Cost Structure

All costs incurred to operate a business model.

Revenue Streams

The cash a company generates from each customer segment.

Impact and Measurements

The benefits for the customers of the social enterprise along with the measurements as the indicators of the success and progress of the social enterprise.

Figure 9.3 **Business Model Canvas for Social Enterprise by Qastharin (2015)**

References

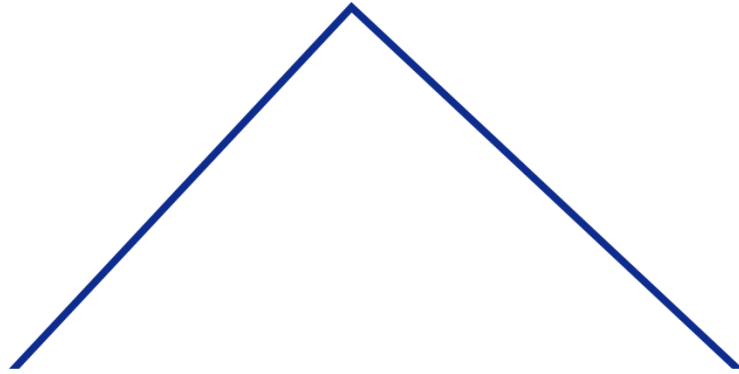
1. Austin, J., Stevenson, H., & Wei-Skillern, J. (2006). Social and Commercial Entrepreneurship: Same, Different, or Both? *Entrepreneurship, Theory & Practice*,30(1), 1-22.
2. Barendsen, L., & Gardner, H. (2004). Is the Social Entrepreneur a New Type of Leader?
https://onlinelibrary.wiley.com/doi/pdf/10.1002/Itl.100?casa_token=MiyqyEFOAB4AAAAA%3Ab3i31D4cceTvkcWhnKP9SyblV8CaYUcGBSNryEKF-yecQ4XrJ0Mnpf-HTOfQsurTmzwd4x2CeaLuEpel.
3. Choi, N., &Majumdar, S. (2014). Social Entrepreneurship as an Essentially Contested Concept: Opening a New Avenue for Systematic Future Research. *Journal of Business Venturing*,29(3), 363-376.
4. Gandhi, T., &Raina, R. (2018). Social Entrepreneurship: The Need, Relevance, Facets and Constraints. [*Journal of Global Entrepreneurship Research*](#), 8(9):
<https://journal-jger.springeropen.com/articles/10.1186/s40497-018-0094-6>
5. Osterwalder, A., &Pigneur, Y. (2009) *Business Model Generation*. New Jersey: Wiley.
6. Phills, J. A., Deiglmeier, K., & Miller, D. T. (2008). Rediscovering Social Innovation. *Stanford Social Innovation Review*, 6, 34-43.
7. Qastharin, A. R. (2015). *Business Model Canvas for Social Enterprise*:
https://www.researchgate.net/publication/323393037_Business_Model_Canvas_for_Social_Enterprise
8. Social Innovation Lab (2013). *Social Business Model Canvas*:<https://bmttoolbox.net/tools/social-business-model-canvas/>.
9. Weerwardena, J., & Mort, G. S. (2006). Investigating Social Entrepreneurship: A Multidimensional model.*Journal of World Business*,41,21-35.
10. Zahra, S. A., Gedajlovic, E., Neubaum, D. O., & Shulman, J. M. (2009). A Typology of Social Entrepreneurs: Motives, Search Processes and Ethical Challenges. *Journal of Business Venturing*, 24, 519-532.

***This guide was published at "RABUNA" LLC by "Bridge to the Future"
Youth Public Union's request.***

Circulation: 500 copies

Contact with "Bridge to the Future" Youth Public Union:

E-mail: office@bfngo.az



"The European Commission's support for the production of this publication does not constitute an endorsement of the contents which reflect the views only of the authors, and the Commission cannot be held responsible for any use which may be made of the information contained therein."



Notes.

A series of 45 horizontal dotted lines for taking notes, evenly spaced across the page below the title.

