



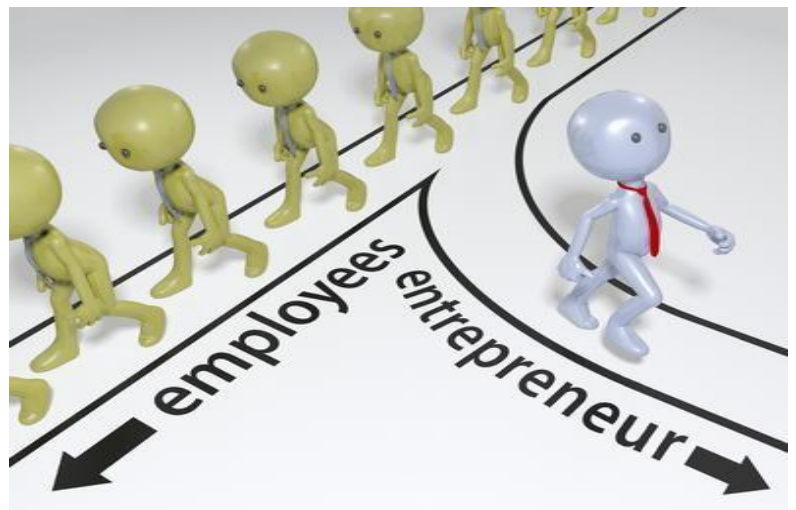
Addis Ababa Institute of
Technology
School of Civil and Environmental
Engineering

Entrepreneurship for Engineers
CENG - 5222

Compiled by: Tamru T./ Seid E./
Zerihun G.

March - 2020

- ✓ There's nothing wrong with staying small!
- ✓ Hire with the long view in mind!
- ✓ Do not be embarrassed by your failures!
- ✓ Never give up!
- ✓ Don't be afraid to try!



Chapter One **Introduction**

With the advent and swift developments in field of technology and the forces of globalization, world has become a global village, characterized by an explosive growth in international business and competition.

Being a part of the global economy is posing innumerable and substantial challenges for organizations and industries throughout the world. On the one hand, to survive, keep pace with speed of advancements and lead in the challenging world is hard, at the same time, this opens up various new and unexplored doors of opportunities. Entrepreneurship, which is one the most powerful economic force known to humankind, is empowering individuals to seek opportunity where others find intractable problems.

Entrepreneurship is the symbol of business tenacity and achievement; it is a vital source of change in all facets of society.

Entrepreneurs, with their inherent intelligence, drive and hard work, have made best use of the opportunities available to them. They have historically altered the direction of national economies, industries, or markets. They have invented new products, developed organizations, and pioneered outburst in new technologies. They have forced the relocation of resources away from existing users to new and more productive users. Many entrepreneurial innovations have transformed the society, in which we live and enjoy the outcomes.

Entrepreneurship

The capacity and willingness to develop organize and manage a business venture along with any of its risks in order to make a profit. The most obvious example of entrepreneurship is the starting of new businesses.

In economics, entrepreneurship combined with land, labor, natural resources and capital can produce profit. Entrepreneurial spirit is characterized by innovation and risk-taking, and is an essential part of a nation's ability to succeed in an ever changing and increasingly competitive global marketplace.

Entrepreneur

Most simply defined, an entrepreneur is a person who identifies a need and starts business to fill that void. But this basic definition provides little insight into the specific character traits and attributes that make a person thrive as an entrepreneur.

Characteristics of Successful Entrepreneurs

Do what you enjoy

What you get out of your business in the form of personal satisfaction, financial gain, stability and enjoyment will be the sum of what you put into your business. So if you don't enjoy what you're doing, in all likelihood it's safe to assume that will be reflected in the success of your business -- or subsequent lack of success. In fact, if you don't enjoy what you're doing, chances are you won't succeed.

Take what you do seriously

You cannot expect to be effective and successful in business unless you truly believe in your business and in the goods and services that you sell. Far too many home business owners fail to take their own businesses seriously enough, getting easily sidetracked and not staying motivated and keeping their noses to the grindstone. They also fall prey to naysayers who don't take them seriously because they don't work from an office building, office park, storefront, or factory. Little do these skeptics, who rain on the home business owner's parade, know is that the number of people working from home, and making very good annual incomes, has grown by leaps and bounds in recent years.

Become known as an expert

When you have a problem that needs to be solved, do you seek just anyone's advice or do you seek an expert in the field to help solve your particular problem? Obviously, you want the most accurate information and assistance that you can get. You naturally seek an expert to help solve your problem. You call a plumber when the hot water tank leaks, a real estate agent when it's time to sell your home or a dentist when you have a toothache. Therefore, it only stands to reason that the more you become known for your expertise in your business, the more people will seek you out to tap into your expertise, creating more selling and referral opportunities. In effect, becoming known as an expert is another style of prospecting for new business, just in reverse. Instead of finding new and qualified people to sell to, these people seek you out for your expertise.

Plan everything

Planning every aspect of your home business is not only a must, but also builds habits that every home business owner should develop, implement, and maintain. The act of business planning is so important because it requires you to analyze each business situation, research and compile

data, and make conclusions based mainly on the facts as revealed through the research. A business plan also serves a second function, which is having your goals and how you will achieve them, on paper. You can use the plan that you create both as map to take you from point A to Z and as a yardstick to measure the success of each individual plan or segment within the plan.

Manage money wisely

The lifeblood of any business enterprise is cash flow. You need it to buy inventory, pay for services, promote and market your business, repair and replace tools and equipment, and pay yourself so that you can continue to work. Therefore, all home business owners must become wise money managers to ensure that the cash keeps flowing and the bills get paid. There are two aspects to wise money management.

1. The money you receive from clients in exchange for your goods and services you provide (income)
2. The money you spend on inventory, supplies, wages and other items required to keep your business operating. (expenses)

Ask for the sale

A home business entrepreneur must always remember that marketing, advertising, or promotional activities are completely worthless, regardless of how clever, expensive, or perfectly targeted they are, unless one simple thing is accomplished -- ask for the sale. This is not to say that being a great salesperson, advertising copywriting whiz or a public relations specialist isn't a tremendous asset to your business. However, all of these skills will be for naught if you do not actively ask people to buy what you are selling.

Remember it's all about the customer

Your home business is not about the products or services that you sell. Your home business is not about the prices that you charge for your goods and services. Your home business is not about your competition and how to beat them. Your business is all about your customers, or clients, period. After all, your customers are the people that will ultimately decide if your business goes boom or bust. Everything you do in business must be customer focused, including your policies, warranties, payment options, operating hours, presentations, advertising and promotional campaigns and website. In addition, you must know who your customers are inside out and upside down.

Become a shameless self-promoter (without becoming obnoxious)

One of the greatest myths about personal or business success is that eventually your business, personal abilities, products or services will get discovered and be embraced by the masses that will beat a path to your door to buy what you are selling. But how can this happen if no one knows who you are, what you sell and why they should be buying?

Self-promotion is one of the most beneficial, yet most underutilized, marketing tools that the majority of home business owners have at their immediate disposal.

Project a positive business image

You have but a passing moment to make a positive and memorable impression on people with whom you intend to do business. Home business owners must go out of their way and make a conscious effort to always project the most professional business image possible. The majority of home business owners do not have the advantage of elaborate offices or elegant storefronts and showrooms to wow prospects and impress customers. Instead, they must rely on imagination, creativity and attention to the smallest detail when creating and maintaining a professional image for their home business.

Get to know your customers

One of the biggest features and often the most significant competitive edge the home based entrepreneur has over the larger competitors is the he can offer personalized attention. Call it high-tech backlash if you will, but customers are sick and tired of hearing that their information is somewhere in the computer and must be retrieved, or told to push a dozen digits to finally get to the right department only to end up with voice mail -- from which they never receive a return phone call.

The home business owner can actually answer phone calls, get to know customers, provide personal attention and win over repeat business by doing so. It's a researched fact that most business (80 percent) will come from repeat customers rather than new customers. Therefore, along with trying to draw newcomers, the more you can do to woo your regular customers, the better off you will be in the long run and personalized attention is very much appreciated and remembered in the modern high tech world.

Level the playing field with technology

You should avoid getting overly caught up in the high-tech world, but you should also know how to take advantage of using it. One of the most amazing aspects of the internet is that a one

or two person business operating from a basement can have a superior website to a \$50 million company, and nobody knows the difference. Make sure you're keeping up with the high-tech world as it suits your needs. The best technology is that which helps you, not that which impresses your neighbors.

Build a top-notch business team

No one person can build a successful business alone. It's a task that requires a team that is as committed as you to the business and its success. Your business team may include family members, friends, suppliers, business alliances, employees, sub-contractors, industry and business associations, local government and the community. Of course the most important team members will be your customers or clients. Any or all may have a say in how your business will function and a stake in your business future.

Create a competitive advantage

A home business must have a clearly defined unique selling proposition. This is nothing more than a fancy way of asking the vital question, "Why will people choose to do business with you or purchase your product or service instead of doing business with a competitor and buying his product or service?" In other words, what one aspect or combination of aspects is going to separate your business from your competition? Will it be better service, a longer warranty, better selection, longer business hours, more flexible payment options, lowest price, personalized service, better customer service, better return and exchange policies or a combination of several of these?

Invest in yourself

Top entrepreneurs buy and read business and marketing books, magazines, reports, journals, newsletters, websites and industry publications, knowing that these resources will improve their understanding of business and marketing functions and skills. They join business associations and clubs, and they network with other skilled business people to learn their secrets of success and help define their own goals and objectives. Top entrepreneurs attend business and marketing seminars, workshops and training courses, even if they have already mastered the subject matter of the event. They do this because they know that education is an ongoing process. There are usually ways to do things better, in less time, with less effort. In short, top entrepreneurs never stop investing in the most powerful, effective and best business and marketing tool at their immediate disposal -- themselves.

Be accessible

We're living in a time when we all expect our fast food lunch at the drive-thru window to be ready in mere minutes, our dry cleaning to be ready for pick-up on the same day, our money to be available at the cash machine and our pizza delivered in 30 minutes or it's free. You see the pattern developing -- you must make it as easy as you can for people to do business with you, regardless of the home business you operate.

You must remain cognizant of the fact that few people will work hard, go out of their way, or be inconvenienced just for the privilege of giving you their hard-earned money. The shoe is always on the other foot. Making it easy for people to do business with you means that you must be accessible and knowledgeable about your products and services. You must be able to provide customers with what they want, when they want it.

Build a rock-solid reputation

A good reputation is unquestionably one of the home business owner's most tangible and marketable assets. You can't simply buy a good reputation; it's something that you earn by honoring your promises. If you promise to have the merchandise in the customer's hands by Wednesday, you have no excuse not to have it there. If you offer to repair something, you need to make good on your offer. Consistency in what you offer is the other key factor. If you cannot come through with the same level of service (and products) for clients on a regular basis, they have no reason to trust you...and without trust, you won't have a good reputation.

Sell benefits

Pushing product features is for inexperienced or wannabe entrepreneurs. Selling the benefits associated with owning and using the products and services you carry is what sales professionals worldwide focus on to create buying excitement and to sell, sell more, and sell more frequently to their customers. Your advertising, sales presentations, printed marketing materials, product packaging, website, newsletters, trade show exhibit and signage are vital. Every time and every medium used to communicate with your target audience must always be selling the benefits associated with owning your product or using your service.

Get involved

Always go out of your way to get involved in the community that supports your business. You can do this in many ways, such as pitching in to help local charities or the food bank, becoming involved in organizing community events, and getting involved in local politics. You can join

associations and clubs that concentrate on programs and policies designed to improve the local community. It's a fact that people like to do business with people they know, like and respect, and with people who do things to help them as members of the community.

Grab attention

Small-business owners cannot waste time, money and energy on promotional activities aimed at building awareness solely through long-term, repeated exposure. If you do, chances are you will go broke long before this goal is accomplished. Instead, every promotional activity you engage in, must put money back in your pocket so that you can continue to grab more attention and grow your business.

Master the art of negotiations

The ability to negotiate effectively is unquestionably a skill that every home business owner must make every effort to master. It's perhaps second in importance only to asking for the sale in terms of home business musts. In business, negotiation skills are used daily. Always remember that mastering the art of negotiation means that your skills are so finely tuned that you can always orchestrate a win-win situation. These win-win arrangements mean that everyone involved feels they have won, which is really the basis for building long-term and profitable business relationships.

Design your workspace for success

Carefully plan and design your home office workspace to ensure maximum personal performance and productivity and, if necessary, to project professionalism for visiting clients. If at all possible, resist the temptation to turn a corner of the living room or your bedroom into your office. Ideally, you'll want a separate room with a door that closes to keep business activities in and family members out, at least during prime business and revenue generating hours of the day. A den, spare bedroom, basement or converted garage are all ideal candidates for your new home office. If this is not possible, you'll have to find a means of converting a room with a partition or simply find hours to do the bulk of your work when nobody else is home.

Get and stay organized

The key to staying organized is not about which type of file you have or whether you keep a stack or two of papers on your desk, but it's about managing your business. It's about having systems in place to do things. Therefore, you want to establish a routine by which you can

accomplish as much as possible in a given workday, whether that's three hours for a part-time business or seven or nine hours as a full-timer. In fact, you should develop systems and routines for just about every single business activity. Small things such as creating a to-do list at the end of each business day, or for the week, will help keep you on top of important tasks to tackle. Creating a single calendar to work from, not multiple sets for individual tasks or jobs, will also ensure that jobs are completed on schedule and appointments kept. Incorporating family and personal activities into your work calendar is also critical so that you work and plan from a single calendar.

Take time off

The temptation to work around the clock is very real for some home business owners. After all, you don't have a manager telling you it's time to go home because they can't afford the overtime pay. Every person working from home must take time to establish a regular work schedule that includes time to stretch your legs and take lunch breaks, plus some days off and scheduled vacations. Create the schedule as soon as you have made the commitment to start a home business. Of course, your schedule will have to be flexible. You should, therefore, not fill every possible hour in the day. Give yourself a backup hour or two. All work and no play makes you burn out very fast and grumpy customer service is not what people want.

Limit the number of hats you wear

It's difficult for most business owners not to take a hands-on approach. They try to do as much as possible and tackle as many tasks as possible in their business. The ability to multitask, in fact, is a common trait shared by successful entrepreneurs. However, once in a while you have to stand back and look beyond today to determine what's in the best interest of your business and yourself over the long run. Most highly successful entrepreneurs will tell you that from the time they started out, they knew what they were good at and what tasks to delegate to others.

Follow-up constantly

Constant contact, follow-up, and follow-through with customers, prospects, and business alliances should be the mantra of every home business owner, new or established. Constant and consistent follow-up enables you to turn prospects into customers, increase the value of each sale and buying frequency from existing customers, and build stronger business relationships with suppliers and your core business team. Follow-up is especially important with your existing customer base, as the real work begins after the sale. It's easy to sell one product or service, but it takes work to retain customers and keep them coming back.

Passion

Talk to successful entrepreneurs and you'll nearly always hear the word passion (commitment) when they describe what they do. Following your passion is one of the best predictors of success.

Independent thinking

Entrepreneurs often think outside the box and aren't swayed by others who might question their ideas.

Optimism

It's difficult to succeed at anything if you don't believe in a good outcome. Entrepreneurs are dreamers and believe their ideas are possible, even when they seem unattainable.

Self-confidence

This is not to say entrepreneurs never have self-doubt, but they're able to overcome it, and believe they can achieve their goal.

Resourceful and problem solvers

Lack of assets, knowledge, and resources are common, but entrepreneurs are able to get what they need or figure out how to use what they've got in order to reach their business goals. They never let problems and challenges get in the way, and instead find ways to achieve success despite hardships.

Tenacity and ability to overcome hardship

Entrepreneurs don't quit at the first, second or even hundredth obstacle. For them, failure is not an option, so they continue to work toward success, even when things go wrong.

Vision

Some of the more stringent definitions of entrepreneurship include vision as a necessary element. It helps to know your end goal when you start. Further, vision is the fuel that propels you forward toward your goal.

Focus

It's easy in this fast paced, constant info-in-your-face world to get distracted. This is especially true for business start-ups that often get side-tracked by the shiny object syndrome (i.e. products and services that promise fast results), or bogged down in unimportant busy work. Successful entrepreneurs are focused on what will bring results.

Action oriented

Entrepreneurs don't expect something from nothing and they don't wait for things to happen. They are doers. They overcome challenges and avoid procrastination (delay).

Planning

There's a lot of talk about "P" words: passion, perseverance, and persistence. I mistrust all three.

A lot of unsuccessful entrepreneurs have these traits as well. You have to have some variation on them, but you can have all three and still fail. You and I both know people who never made it—and never stopped trying, either.

My favorite "P" word in entrepreneurship is "planning," but that's just me. Stubbornness is good too (even though it doesn't start with a "P").

Empathy

As in, understanding how other people think and feel about things. Empathy leads to understanding what the people you sell to want, what they need, how they think, and how to best reach them. It's hard to imagine somebody building a company without being able to put themselves in the buyer's state of mind.

A sense of fairness

For dealing with vendors, customers, and employees, a successful entrepreneur needs to be able to be fair with those they do business with.

Transferable values

This is closely related to the sense of fairness. I just don't see people building businesses without believing in what they're doing.

Willingness to work hard

Entrepreneurs need the ability to work shoulder to shoulder with other people. Clinched, but true, the harder I work, the luckier I get.

Knowing what they don't know

To me, that's much more important than what you do know. Know where you are weakest, and where your strengths lie.

Listening carefully

It's important to listen carefully. Whenever it becomes necessary, shut up will also be of high significance.

Vision for what they can build

Entrepreneurs have to imagine a happy future, i.e. dreaming.
Successful entrepreneurs need to have a solid vision of success and their end goals.

Making mistakes

You have to deal with failure. Keep diving.

Jumping viewpoints

From short to long-term in an instant, and mixing those viewpoints together. It's like dribbling—keeping your eyes up while managing the ball at your feet.

Roles of Entrepreneurship in Economic Development

The entrepreneur who is a business leader looks for ideas and puts them into effect in fostering economic growth and development. Entrepreneurship is one of the most important input in the economic development of a country. The entrepreneur acts as a trigger head to give spark to economic activities by his entrepreneurial decisions. He plays a pivotal role not only in the development of industrial sector of a country but also in the development of farm and service sector. The major roles of entrepreneurship, in development of an economy, are discussed in a systematic and orderly manner as follows.

Wealth Creation and Sharing

By establishing the business entity, entrepreneurs invest their own resources and attract capital (in the form of debt, equity, etc.) from investors, lenders and the public. This mobilizes public wealth and allows people to benefit from the success of entrepreneurs and growing businesses. This kind of pooled capital that results in wealth creation and distribution is one of the basic imperatives and goals of economic development.

Create Jobs

Entrepreneurs are by nature and definition job creators, as opposed to job seekers. The simple translation is that when you become an entrepreneur, there is one less job seeker in the economy, and then you provide employment for multiple other job seekers. This kind of job creation by

new and existing businesses is again is one of the basic goals of economic development. This is why the Govt. of India has launched initiatives such as StartupIndia to promote and support new startups, and also others like the Make in India initiative to attract foreign companies and their FDI into the Indian economy. All this in turn creates a lot of job opportunities, and is helping in augmenting our standards to a global level.

Balanced Regional Development

Entrepreneurs setting up new businesses and industrial units help with regional development by locating in less developed and backward areas. The growth of industries and business in these areas leads to infrastructure improvements like better roads and rail links, airports, stable electricity and water supply, schools, hospitals, shopping malls and other public and private services that would not otherwise be available.

Every new business that locates in a less developed area will create both direct and indirect jobs, helping lift regional economies in many different ways. The combined spending by all the new employees of the new businesses and the supporting jobs in other businesses adds to the local and regional economic output. Both central and state governments promote this kind of regional development by providing registered MSME businesses various benefits and concessions.

Reduces Concentration of Economic Power

Economic power is the natural outcome of industrial and business activity. Industrial development normally leads to concentration of economic power in the hands of a few individuals which results in the growth of monopolies. In order to redress this problem a large number of entrepreneurs need to be developed, which will help reduce the concentration of economic power amongst the population.

GDP and Per Capita Income

India's MSME sector, comprised of 36 million units that provide employment for more than 80 million people, now accounts for over 37% of the country's GDP. Each new addition to these 36 million units makes use of even more resources like land, labor and capital to develop products and services that add to the national income, national product and per capita income of the country. This growth in GDP and per capita income is again one of the essential goals of economic development.

Standard of Living

Increase in the standard of living of people in a community is yet another key goal of economic

development. Entrepreneurs again play a key role in increasing the standard of living in a community. They do this not just by creating jobs, but also by developing and adopting innovations that lead to improvements in the quality of life of their employees, customers, and other stakeholders in the community. For example, automation that reduces production costs and enables faster production will make a business unit more productive, while also providing its customers with the same goods at lower prices.

Exports

Any growing business will eventually want to get started with exports to expand their business to foreign markets. This is an important ingredient of economic development since it provides access to bigger markets, and leads to currency inflows and access to the latest cutting-edge technologies and processes being used in more developed foreign markets. Another key benefit is that this expansion that leads to more stable business revenue during economic downturns in the local economy.

Community Development

Economic development doesn't always translate into community development. Community development requires infrastructure for education and training, healthcare, and other public services.

For example, you need highly educated and skilled workers in a community to attract new businesses. If there are educational institutions, technical training schools and internship opportunities, that will help build the pool of educated and skilled workers.

A good example of how this kind of community development can be promoted is Azim Hashim Premji, Chairman of Wipro Limited, who donated Rs. 27,514 crores for promoting education through the Azim Premji Foundation. This foundation works with more than 350,000 schools in eight states across India.

So, there is a very important role for entrepreneurs to spark economic development by starting new businesses, creating jobs, and contributing to improvement in various key goals such as GDP, exports, standard of living, skills development and community development.

Chapter Two

Entrepreneurial Decision and Process

As an entrepreneur, you must make different types of decisions on the everyday basis. You must choose directions. Also, you must solve problems. You must take actions. The decision-making process is one of the most critical processes in your company.

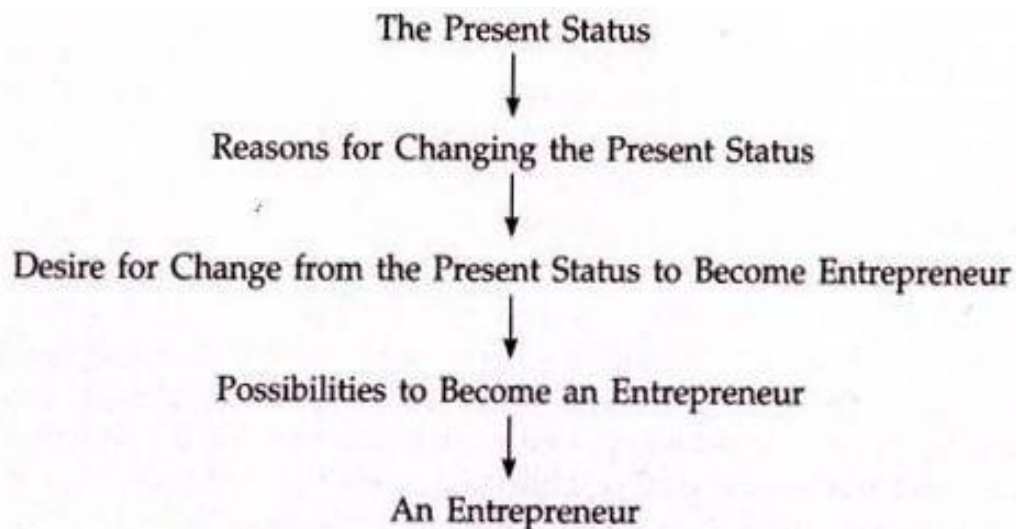
Simply, you as an entrepreneur will make decisions about everything.

Some decisions are more influential on your overall business processes, but some of them are small decisions without significant effect on your business as a whole.

The Entrepreneurial Decision

Just a traveler has to pass through a road from starting point to reach to his/her destination point; an individual also needs to pass through a process from present status to become an entrepreneur. In other words, the individual / entrepreneur have to take a number of decisions in sequential order, call it the entrepreneurial decision process, to leave the present status and become an entrepreneur.

Following is an illustrative decision process individual's follow to become entrepreneurs:



Let us discuss these one by one:

The Present Status:

There is an apt saying: “Change is the law of nature and change is the only permanent thing in this world” Yet, change is often resisted because it involves uncertainty which causes fear. It is due to uncertainty, the present state of affair is considered better than the unknown one after the change. As such, leaving the present status and becoming an entrepreneur (i.e., a synonym of risk and uncertainty) is not easy as it takes a great deal of preparation and courage to do so. Nonetheless, individuals dare it and become entrepreneurs.

Broadly, there are two reasons for individuals to become entrepreneurs:

- (i) By chance, and
- (ii) By compulsion.

As regards choice, individuals working in marketing area become familiar with market and gain experience and, in turn, they decide to start their own business in that market. Sales representatives working in publishing companies generally start their own publishing business and present such example of becoming entrepreneurs by choice.

On the other hand, disruption in the present job/status due to retirement, lay-off, and other compulsions also compel people to become entrepreneurs. Thus, the idea and decision to become an entrepreneur, i.e. to start one’s own business enterprise occurs when an individual perceives and realizes that establishing a new enterprise is desirable for him / her.

Reasons for Changing the Present Status:

Entrepreneurship being a difficult journey, the obvious question is: What are the reasons that people still become entrepreneurs? Researchers have tried to understand and answer these questions. The researchers report that people generally become entrepreneurs because of economic reasons.

These include unemployment, completion of education, dislocation, no or less possibility for career and / or economic prosperity, etc. Nonetheless, the personal dislocation is reported as one of the most powerful reasons galvanizing an individual’s will to become an entrepreneur.

This is duly supported by an increase of 12% in number of new business enterprises in the United States during a lay-off period. Completion of one’s education is reported another major reason for becoming an entrepreneur.

Desire (Aspiration) for Change from the Present Status to Become Entrepreneur:

Evidences are available to believe that the desire to start one's own enterprise and, thus, become an entrepreneur is produced by some factors like the culture and family one belongs to and the teachers and peers one comes into contact with. Like elsewhere in the world, there are cultures in India also which place a high value on being entrepreneur. For example, Punjabis and Gujaratis in India represent such cultures which value more on making money, becoming one's own boss, having more individual opportunities for being successful in career and life.

It is, therefore, not surprising to find the more number of enterprises formed by the people belonging to the Punjabis and Gujaratis cultures. This is contrary in the Assamese culture which places low value on being self-employed i.e. entrepreneur and high value on being an employee. As such, the rate and number of new enterprise formation is expectedly low in the Assamese culture.

Of late, educational institutions and teachers are also found encouraging individuals to regard entrepreneurship as the desirable and viable career. Concerted efforts are made by the educational institutions to design and develop exciting course curriculum on entrepreneurship and enterprise management to mould and stimulate individuals to become entrepreneurs.

For example, Central Board of Secondary Education (CBSE), Nagaland Board of School Education (NBSE), Meghalaya Board of Secondary Education (MBOSE), and Council of Higher Secondary Education (CHSE), Odisha has very recently introduced entrepreneurship as an optional subject at their higher secondary level of education.

Somuchso, Jammu & Kashmir State Board of School Education (JKBSE) has just introduced entrepreneurship as a compulsory subject in Class 11 and 12. Not only that, the premier national educational institutions likes Universities, Indian Institutes of Management (IIMs), and the Indian Institute of Technologies (IITs), besides teaching the subject entrepreneurship, have even established Centre of Entrepreneurship and Innovation Incubation to stimulate the students to form their own enterprises.

Possibilities to Become an Entrepreneur:

No doubt, the desire to form an enterprise needs to be present before forming an enterprise, but just desire to form an enterprise cannot make an individual an entrepreneur. Also needed is possibility, better call it supportive and facilitative structure, to form an enterprise.

Available literature on entrepreneurship indicates that an individual's business background, educational background, previous experience, government attitude, availability of finance and

market and, of course, one's role models in business world make it possible to form an enterprise.

This is precisely the reason why more enterprises are formed by the individuals belonging to business family background. Similarly, it is also no wonder why more enterprises are established in the places with supporting facilities like roads, communication, transportation systems, utilities, economic and political stability, finance, and market.

Finally, to have someone else successful in business as one's role model also makes enterprise formation possible. The reason is the role model develops the feeling of 'self efficacy' in the individual. That is: "If that person can do and succeed, so can I also." In other words, entrepreneurs are not born, they develop. It is possible to become entrepreneur.

The Entrepreneurial Process

The entrepreneurial process stages that needs to happen to start a business is not easy for anyone. Many people have reasons to be an entrepreneur, many say the things that should be done, and a few are the ones who really do what is needed to start. It is very common to see people who think, but a few who act. The entrepreneurial process stages can be developed one step at a time, but some entrepreneurs are the ones who continue on this lifestyle.

The entrepreneurial culture and spirit is on those who decide to take one step ahead to achieve success. It is a long-term process that visionaries will have to keep on working to transform their environment. There are several models created by academics, that shows what is the entrepreneurial process about.

Entrepreneurial process definition

The entrepreneurial development of a person goes beyond education, which requires various factors to take place this complex process. I added the definition of William Bygrave, a professor at Babson College, about the entrepreneurial process.

The entrepreneurial process is 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. A critical factor that drive the development of the business at each stage as with most human behavior, entrepreneurial traits are shaped by personal attributes and environment.

The attitudes of the people are those who are shaping their own surroundings, if an entrepreneur looks for the characteristics of successful people, their chances of success increase, specially if

they belong to an entrepreneurial ecosystem.

Entrepreneurial process stages



1. Discovery (Idea generation)

The entrepreneur begins to wonder why there is not available a product or service, why not improve certain things, how to generate income to cover their expenses, etc. Thousands of questions might rise, so they will help to identify opportunities to meet the market needs.

An entrepreneurial process begins with the idea generation, wherein the entrepreneur identifies and evaluates the business opportunities. The identification and the evaluation of opportunities is a difficult task; an entrepreneur seeks inputs from all the persons including employees, consumers, channel partners, technical people, etc. to reach to an optimum business opportunity. Once the opportunity has been decided upon, the next step is to evaluate it.

An entrepreneur can evaluate the efficiency of an opportunity by continuously asking certain questions to himself, such as, whether the opportunity is worth investing in, is it sufficiently attractive, are the proposed solutions feasible, is there any competitive advantage, what is the risk associated with it. For example, in previous years, there were not enough amounts of goods and services. It was a little bit easier to position a business, however now it requires a search for information and market analysis to see the possibility of success. Above all, an entrepreneur must analyze his personal skills and hobbies, whether these coincides with the entrepreneurial goals or not.

Identifying and evaluating the right opportunity is the first step to setting out as an entrepreneur. Without a business idea, you can't start a business, and without a business, you cannot be termed an entrepreneur.

Choosing just any small business idea to start up is an entire no-no. You must do a market research to know what people really need. You must also look at your inner talents to figure out

if whatever you've chosen to start up is a good fit for you. No matter how lucrative a business opportunity is, if you don't have the capacity to execute it, it would end up a failure. This likely event is an important reason you must ensure the business is something you can do passionately.

For example, most programmers are lazy at doing house chores and any physical activity. Forcing this sect to start a home cleaning and renovation company could be a total disaster.

Another important thing to do when coming up with a business idea is to try to sell to an individual you've identified as a potential customer, without having a single product or service in hand. If someone is willing to pay for what they cannot see, this doesn't just show you that there's a pressing need they'd gladly part their money for, but that you've got a business idea that can fly.

It is possible that at this point in the entrepreneurial process; there are many people, since the generation of ideas can be much easier. However, the step towards a decision making is where many can stop and perhaps even throw out the idea of starting a business.

2. Developing a Business Plan (Concept Development)

A critical point in the entrepreneurial process is deciding to start the project. Be active and stay motivated are the main factors for the entrepreneur to start landing his idea. Asking what resources are needed and where he will get them, is vital to generate at least one way forward for the entrepreneur. The development of the business plan will mark only a guide that can be used as reference.

Once the opportunity is identified, an entrepreneur needs to create a comprehensive business plan. A business plan is critical to the success of any new venture since it acts as a benchmark and the evaluation criteria to see if the organization is moving towards its set goals.

An entrepreneur must dedicate his sufficient time towards its creation; the major components of a business plan are mission and vision statement, goals and objectives, capital requirement, a description of products and services, etc.

Having a plan doesn't entirely mean drafting a thorough business plan detailing several chapters and more. As a startup, you could write down a few points to target, as a basic plan, and make adjustments from there.

Usually when you start a new business no one has ever tried before, what you draft as a business plan would probably go down the toilet in a week or two because, whatever way you anticipated the market to react would most likely never happen. At this point, light tests, corrections, and re-

tests, wouldn't just help your business succeed, but would help you make a business plan poised for growth.

If your purpose for drafting the plan is to maybe seek a bank loan, or for some other financial purpose, then drafting a business plan is entirely important before you set out.

If writing a business plan seems difficult, you can draw up your plan by following a sample business plan template, or highlighting the things you want to achieve, and how, then consulting the services of a professional to draw out a business plan for you, based on those

3. Resourcing

The third step in the entrepreneurial process is resourcing, wherein the entrepreneur identifies the sources from where the finance and the human resource can be arranged. Here, the entrepreneur finds the investors for its new venture and the personnel to carry out the business activities.

This phase of your entrepreneurial process is very important. By the time you've identified the problem you want to solve in a market and have drawn out a business plan for it, you'd have understood the full financial implications of the project.

At this point, your focus would be to raise seed funding for your small business idea. You could raise seed funding by getting an investment from angel investors, grants, a bank loan, amongst others.

Getting funding for your business will be one of the hardest things you do as an entrepreneur. People and institutions aren't ready to easily part with their money. You stand a better chance of getting a loan or investment from someone, if you're introduced by a similarly successful entrepreneur that they trust. Anything else, and it's a really hard nut to crack.

The best way to raise working capital for any business idea is usually from family and friends. These individuals already trust you and would either invest-in or loan you the money not because they believe in your idea, but because they believe in you.

Some alternatives you could consider for small business loans are micro-finance banks and professional money lenders. These institutions and individuals can provide you with a line of credit with much more lenient requirements, but can sometimes have higher interest rates and short-repayment periods, compared to other larger financial institutions.

4. Managing the company (Actualization)

Once the funds are raised and the employees are hired, the next step is to initiate the business operations to achieve the set goals. First of all, an entrepreneur must decide the management structure or the hierarchy that is required to solve the operational problems, when they arise.

After having passed through the first months of operation, the company will see if it decreases, maintains or increases in sales. The entrepreneur should strive to maintain revenue growth before worrying about having a nice office. Managing a business is not easy, but the experience that entrepreneurs acquire over time will surely ease the handling of all resources. Perhaps one could say that the entrepreneurial process ends here, but it is no longer an entrepreneur, and he becomes a full businessman or businesswoman.

5. Harvesting

The final step in the entrepreneurial process is harvesting wherein, an entrepreneur decides on the future prospects of the business, i.e. its growth and development. Here, the actual growth is compared against the planned growth and then the decision regarding the stability or the expansion of business operations is undertaken accordingly, by an entrepreneur.

The entrepreneurial process is to be followed, again and again, whenever any new venture is taken up by an entrepreneur, therefore, it is an ever ending process.

Conclusion

While entrepreneurship may sound exciting, it's definitely not a bed of roses. If you're going to someday end up successful, you'd have to understand the entrepreneurial process, and work smart every single step of the way.

Chapter Three Creating and Developing a Business

Creating a Business

As we have discussed in the previous chapter, an entrepreneur start with discovering, i.e. generating business ideas. Great business ideas are all around you. Just open yourself to the possibilities, and you're bound to find a winner. To start your search for that drop-dead idea that's going to set the world on fire, start with the following sources. Selected from marketing expert Al Ries, chairman of Roswell, Georgia-based marketing strategy firm Ries & Ries and co-author with Laura Ries of 22 Immutable Laws of Branding, and business trend watcher Perry Lowe, professor of marketing at Bentley College in Waltham, Massachusetts, these can be the first steps in your search for the business of your dreams.

Start with family

Tapping family for great business ideas may not seem like an obvious first step. Sure, you'll hit them up for cash once you've developed your idea, but what can your aging father or cousin Margaret contribute this early in the process? Plenty. Donald Trump certainly wasn't bashful about learning the real estate business from his dad, Fred, who ran a thriving real estate development company, says Ries. Trump had the good sense to get some priceless training before going off to become one of the country's foremost builders and real estate developers. "If his father hadn't provided the foundation and training [he needed] to create a profitable business, Trump wouldn't be where he is today," Ries explains. "Unfortunately, many people insist on [creating a business] themselves without any help from their family. That's foolish."

Get a little help from your friends

Ries says you are severely limiting yourself if you rely solely on your own ideas--especially when your creative juices run dry. "This is reason enough to listen to ideas others may have," he says. "If you have 15 or 20 friends, chances are a couple of them have some incredible business ideas."

If it weren't for Steve Jobs' good friend Steve Wozniak, there would be no Apple Computer today, Ries points out. "Jobs didn't know anything about computers," he says. "Wozniak, on the other hand, was the computer genius who developed the first Apple." Jobs had an eye for great business ideas and saw the marketing potential for developing a new type of computer. The important lesson is to keep your antenna up at all times so you can retrieve good ideas when you

stumble across them. Ries insists you can make more money recognizing someone else's idea than creating one yourself.

Look at all the things that infect you

It may not sound profound, but Ries says this is fertile ground for great business ideas. He cites how upset Kemmons Wilson was in the 1950s when a Hotel owner wanted to charge him an additional price for each of his five children. He was so ticked off, he launched Memphis, Tennessee-based Holiday Inn, today one of the world's largest hotel chains.

If King C. Gillette hadn't been fed up with the tedious process of sharpening his straight-edge razor, he wouldn't have founded the massive disposable razor industry. When he took his idea for a portable razor with a blade that could be used several times to a research university for assistance, engineers questioned his sanity. Gillette followed his instincts and the rest is history.

Tap your interests

Thousands of clever people have taken up hobbies and turned them into a successful business. Tim and Nina Zagat, who launched the Zagat Surveys, a publishing empire that sells restaurant guides for many major U.S. and European cities, are great examples. In the early 1970s, the Zagats were high-priced corporate attorneys whose passion was dining out. For fun, they created a newsletter in which they asked their friends to rank popular restaurants in several categories. Each year, the newsletter encompassed more restaurants. Eventually it became such an expensive and time-consuming undertaking that the couple began charging money for it to alleviate their expenses. That was the meager beginning of the famed Zagat Survey, which is sold in bookstores worldwide. "When you're doing something you love, it's never considered work," says Ries.

Travel

Traveling opens your eyes to a plethora of potential business ideas. Ries cites Leopoldo Fernandez Pujals' discovery of Domino's Pizza on a trip to the United States from his native Spain. Pujals was so impressed with the fast-food operation, he went back to Spain and launched his own version, called TelePizza, in 1986. His company now registers \$260 million in sales, and employs 13,000 people in eight countries.

Travelling is one of the most excited and effective way to get inspired and generate ideas for business. Visit different countries, meet new people, learn cultures and spend time sightseeing. It is like a breath of a fresh air in a daily life.

Make travelling be a part of your regular lifestyle. Set a plan, for example, to visit one new city or country every month. You will see how much creativity it will induce in you.

Check it: Are you ready for business?

Keep your eyes open

"When you see something that piques your interest, ask yourself, What is it about this situation that's special?" says Ries. "Then narrow your focus so you home in on the idea." The process of zeroing in on the idea often spawns important niche markets. "Blockbuster Video's niche is renting videos, and Bulbs Unlimited's niche is selling light bulbs," says Ries. Get it?

Examine old mousetraps--then build a better one

"If a product doesn't meet your own high standards, create a better one," advises business trendwatcher Perry Lowe. "That's what put Ben & Jerry's on the map." Ice cream fanatics Ben Cohen and Jerry Greenfield felt popular ice creams weren't rich and tasty enough for their cultivated palates, so they created their own super-premium line of ice cream, which is a bestseller nationwide. Just think: If these ice cream gurus weren't such picky eaters, there would be no Cherry Garcia, Chubby Hubby or Phish Food to enjoy.

Why to invent something new if you can use already tested and working ideas. Analyze more deeply the ideas that have already been implemented. Think about the opportunities to change and improve them. But remember – you cannot just copy someone's idea. In this case it can hardly become successful.

Make a research and learn customers' feedback about the existing product or service. Try to find out what is missing there and how to transform this product into something better. This approach is greatly described by W. Chan Kim and Renee Mauborgne in the book Blue Ocean Strategy. It teaches how to create unique products and avoid competitiveness. Really you are recommended to read this book if you are thinking about starting a business.

Take it to the streets

There's no better place to lock into up-and-coming trends than city streets, Lowe contends. Street culture spawned punk, hip-hop, grunge and a number of other fads that rapidly evolved into multimillion-dollar businesses. "Great ideas can often be found by just browsing happening inner-city neighborhoods in virtually any big city in the United States," says Lowe.

Sleep on it

Many people ignore their dreams, and some don't remember them at all. But sometimes it pays to listen to those inner messages, no matter how strange or unintelligible they are. "You never know, you might just find the germ of a great idea," says Lowe. The tough part is crawling out of bed in the dead of night to jot down those great ideas before they're forgotten.

Check out the Net (Explore)

Lowe endorses Web surfing as a fun way to log on to potential business ideas. "Virtually every search engine has a 'What's New' or 'What's Hot' section, where it lists new trends, news tidbits and hot new Web sites," says Lowe. "Make it a point to check out various sites daily. It may trigger an idea or concept you never thought of."

Web surfing can be a great way to have fun and get some cool ideas. Visit popular entertaining websites, question and answer platforms, popular forums and learn what people are talking about. What are some hot topics of discussions and popular shared posts on social networks? It can be a good source for ideas.

Become inquisitive (Interested)

Start being interested and involved in what is going on around the world. Find 30 minutes a day to read popular blogs, news portals or watch hot news. Learn about startups that are launched and start growing. Becoming aware will not take too much time but can help you to know a lot about different industries and innovations.

Focus on problems

Successful business ideas solve real problems. Learn about problems people face in a daily life. Talk with family and friends about their problems at work, in sport, with clothing, food, etc. Think about your own problems and difficulties. Is everything perfect in your life? Probably there are things you would love to improve or change. Think about it.

Build your network

Building a good network will give you an opportunity to switch from working hard to working smart. Connecting with professionals in the sphere of your business niche can bring not only understanding of the highest customers' needs but can help you to get tons of smart advice from influencers and top leaders.

According to Keith Ferrazzi, the author of the book “Never Eat Alone”, connecting with right people is a true art that can help to reach great business goals.

Stay relaxed, but focused

When you feel that you need to come up with a good business idea as soon as possible and start putting all your efforts to this process, you can hardly create something really successful.

If you need an idea, you will find it!

Just try to relax, have more rest and sleep well. But always be attentive to what is happening around you.

Try to do the following: Perceive every event happening with you as a sign. Stay focused and write down what is happening – anything interesting or strange that came up to your mind during the day. Practice it for a week or so and then analyze everything you wrote down. Combine different thoughts and ideas and see if it can help you with your future product or service development.

Read more books

Continuing to talk about the role of books, I should stress that good books are #1 source for inspiration and getting knowledge.

Reading can show you where to start!

Books can help you to learn many lessons, give new business ideas and understanding how to implement them.

If you are a starting entrepreneur, here is the list of books I would recommend you to take into account:

- “The Lean Startup” by Eric Ries

It is a required book for every entrepreneur, especially if you are going to build a digital product or a service. It describes how to launch successfully in the atmosphere of total uncertainty.

- “Delivering Happiness: A Path to Profits, Passion, and Purpose” by Tony Hsieh

I cannot describe in two words how inspiring this book is. It tells the story of author’s growth from idea to building a corporation through the concept of happiness. If you haven’t read this book before, do it ASAP.

- Definitely, “Blue Ocean Strategy” by W. Chan Kim and Renee Mauborgne

You will learn how to generate ideas and make them unique, rather than compete with existing markets.

- ‘The Four’ by Scott Galloway

The book explains why and how such giants as Amazon, Google, Facebook and Apple became so successful. It shows how experiments can influence growth of business and how to make customers believe in the product.

- “Will It Fly? How to Know if Your New Business Idea Has Wings...Before You Take the Leap” by Thomas McKnight

If you already have an idea this book will explain you how to assess the idea before starting its implementation. It is a simple guide to protect yourself from failure in entrepreneurship and check if your idea has all chances to become successful after its launch.

Get new experience

Try something new you never experienced before in your life.

How it can help with ideas?

- When a person gets in unusual conditions, new feelings and emotions received inducing creativity.
- Switch your mind from everyday routine to something new you always wanted to try.
- New atmosphere will make your mind to think about all pluses and minuses, find problems that need to be solved.

Focus on making life easier

There is a huge number of cool products that appeared as a result of our attempts to make life easier, cheaper, and more convenient. And this is really a great approach to creating new products.

People love everything that simplifies everyday staff.

- What takes most of your time?
- What would you like to make easier or faster?

Think about it.

Probably, the answers will help you to create the next big idea. People are searching for conveniences and time optimization. Make use of it. Think about the ways to make life cheaper and easier.

Use Cut-up technique

This is the most well known technique of generating business ideas and creativity used by William Burroughs. It lies in cutting up words or phrases from one sentence and randomly combines it with other phrases to create a new sentence.

Though this technique was widely used in music and poetry, it can be used as a perfect tool to generate business ideas.

- Write down any business idea and describe what problem it can solve, why it can be useful for people. It can be any idea, even the most stupid one, you've just thought about. Do not focus on the idea itself too deeply, generate as many as possible;
- Do the same with all ideas you have;
- Cut up ideas and their description, and rearrange them. Then see what happened.

How to Change a good Idea in to a Business Plan?

How do you turn good ideas into a business plan? Facebook started with a good idea. So did Google. Toyota had a pretty good idea when it developed a hybrid engine. Good ideas aren't limited to major companies. The young couple who decides to open a doggy day care in a town where a lot of people commute to work may have a great idea, too.

When coming up with a good business idea, keep these five key characteristics in mind:

- A good business idea meets a real need or desire.
- It offers something new (or at least a little different).
- It's grounded in reality, not wishful thinking.
- It can generate money.
- It's something you want to do.

Read on to begin the process of evaluating your business idea to make sure it's both realistic and practical.

If you plan to make your business a reality, you will need to evaluate your idea before you launch into your business plan. Take time up-front to think through whether your business idea can succeed. Consider these essential questions:

- ✚ Is the product or service you provide a good fit for a business?
- ✚ Can you effectively reach customers without a brick-and-mortar home base?
- ✚ Which aspects of your operations are best suited to being conducted?
- ✚ Which aspects of your business would benefit from having an office or storefront?
- ✚ What are the biggest challenges you'll face going?
- ✚ What strategies will you use to address those challenges?

If you find yourself struggling to make a strong argument for going, you may want to rethink your plan.

Know the difference between passion and profitability

Plenty of successful businesses owe their success to a personal passion. A baker who starts a successful bakery, a musician who opens a recording studio, a teacher who starts a nonprofit tutoring service all have passion in common. That's great. Excitement and confidence are crucial to making a business a success.

But so is a good dose of reality.

Personal passion can carry you away, blinding you to the hard realities that any business faces in making it in today's highly competitive world. If you're hoping to turn a personal passion into a successful business, you need to ask yourself a simple question: Can it make a profit?

The question may be simple. Answering it isn't always easy.

If you're sitting down to write a business plan because you have a great idea, now's the good time to give it a test run.

Questions to begin evaluating whether the idea you're excited about can turn a profit.

How to turn a gig (Performance) into a business?

Most successful entrepreneurs will tell you that they were surprised to discover what goes into making a business work. Often, the surprise is how little they knew about the nuts and bolts of operating a business.

Consider the example of a woman who developed her baking skills at home and then started a highly successful northern California bakery. She knew the craft of baking. She knew the equipment she needed to go from home baking to commercial baking. What she wasn't prepared for was managing a staff. In the first year, personnel problems plagued her bakery and almost spoiled her business.

If you're thinking of turning something you love to do into a business, take time to ask yourself some basic but important questions. This was completed by an electronics geek who loves tinkering and hopes to start a one-person repair shop and get a sense of what he would need to plan a successful business.

Plan ahead: Great ideas take time

Most businesses — even those built on a great idea fueled by passion — take time to become successful. A musician who decides to go professional needs to find concerts. An accountant who decides to leave her company and start her own business needs to set up an office and line up clients. An inventor with the next big thing needs to arrange for manufacturing and marketing. They all take time.

The more realistic you are about how much time you'll need, the better prepared you'll be. Create a timeline for your proposed business. Even in the early stages of evaluating a business idea, a timeline tells you what you need to accomplish and when to be successful. Looking ahead obviously requires a fair amount of guesswork. Be as realistic as possible about when you'll be able to reach each one.

Check out the competition

The saying goes that there's nothing new under the sun. It also applies to most new businesses. Chances are a similar business to the one you're planning to launch already exists. One easy way to test your new idea is to check out how other people doing roughly the same thing are pricing

In some cases, all you have to do is ask. Unless people perceive you as a competitive threat, they're usually willing to share details about their businesses. If not, you can uncover information in other ways, such as the following:

- **Check websites for information about products and services, including pricing.** If appropriate, review online customer reviews of your competitors, which can provide invaluable tips on how you can do better.
- **Search the web for business articles about the kind of business you're planning.** Be sure to check publication dates, because business reports can go quickly out of date. If you don't find what you need online, make a beeline to your local library to browse the periodical shelves.
- **Investigate how similar businesses market their goods or services.** If you're starting a local business, check out the Yellow Pages and local newspapers. Check out the competition's online presence. If you're going after a national or international market, analyze out how other companies use major media and their own websites to market themselves.

- **Check out the local Chamber of Commerce.** Most cities and even small towns have Chambers of Commerce, and almost all have websites. If you don't find what you need there, make a visit to the bricks-and-mortar office to talk to a representative.
- **Talk to prospective customers.** If you're starting a local business, ask friends and family what they consider important as prospective customers. If you're planning a retail business, visit similar stores and observe how customers move through the aisles and what they buy. No matter what kind of business you're planning, check out websites for customer reviews, which have become an invaluable way of listening to customers.

If your new idea is product-based, your business will face special challenges, such as who will make and distribute the product and what kind of service will it require.

What is a Business Plan?

A business plan is a document that consists of the high-level descriptions of your business, operating structure, products, goals, and other essential considerations you need to think about to sell your products or services. It is a key document communicating the developmental objectives of your business.

No matter how long you've been in operation, your business needs a plan. A good business plan can help you secure funding for your startup, or expand your operation.

Even if you aren't looking for a capital infusion right this moment, a business plan can still be a great deal of help. The process of creating a business plan forces you to look at your business and evaluate what's working — and what isn't. It can help you focus on the right things and give you a roadmap to future success.

The Importance of a Business Plan

Whether you're planning to open a shop that makes the best coffee around or you want to sell eco-friendly office supplies, you'll need to explain why your business is necessary and how it'll differ from its competitors. That's where your business plan comes in. It provides investors, lenders and potential partners with an understanding of your company's structure and its goals.

A few years ago, a software company surveyed its users to determine how helpful a business plan was to success. The results were reviewed by the University of Oregon for validation, and seem to point to the improved outcomes for those with business plans:

- ✓ Of those who created plans, 64 percent grew their businesses, compared to 43 percent of companies that hadn't yet finished a plan.

- ✓ Those who created plans were more likely to secure a loan or investment capital.

A Babson College study discovered a written business plan wasn't all that important — unless you were trying to raise money. In cases involving raising capital or getting a loan, businesses with plans were more likely to get the funding they needed.

Consider the company Coffee House, Inc. The founders are excited about providing a coffee shop for customers using their own brand of coffee. They plan to grind the beans at the coffee house to provide fresh coffee, as well as sell some of their product in bulk to customers who want to brew at home. They can also sell accessories to help customers make the most of their coffee experience, at the shop and at home.

Coffee House isn't sure about how to proceed or measure success. A business plan can take ideas from the founders, put them to paper and provide a roadmap to take action.

Elements of a Business Plan

Your well-thought-out business plan lets others know you're serious, and that you can handle all that running a business entails. It can also give you a solid roadmap to help you navigate the tricky waters.

A business plan can take many forms, depending on the venture. A four-person management consulting firm may produce a leaner plan focused on service expertise and industry experience compared to a 20-employee widget maker, which would also have to describe products, manufacturing techniques, competitive forces and marketing needs, among other details. But most plans will include the following seven main sections:

1. Executive Summary
2. Business Description
3. Market Analysis
4. Organization Management
5. Sales Strategies
6. Funding Requirements
7. Financial Projections

All of these elements can help you as you build your business, in addition to showing loaners and potential supporters that you have a clear idea of what you are doing.

1. Executive Summary

The executive summary is basically the elevator pitch for your business. It distills all the

important information about your business plan into a relatively short space. It's a high-level look at everything and should include information that summarizes the other sections of your plan.

One of the best ways to approach writing the executive summary is to finish it last so you can include the important ideas from other sections.

Coffee House, Inc.'s executive summary focuses on the value proposition of the business. Here's what they've written into their plan:

“Market research indicates that an increasing number of consumers in our city are interested in the experience of coffee. However, there isn't a viable place for them to meet and learn locally. Instead, they only have access to fast coffee. Coffee House, Inc., provides a place for people to enjoy fresh-ground beans and truly enjoy their cup.”

“Coffee House, Inc., provides a hub for a subculture of coffee, offering customers a place to purchase their own coffee-grinding supplies in addition to enjoying the modern atmosphere of a coffee house.”

“The founders of Coffee House, Inc., are coffee aficionados with experience in the coffee industry and connections to sustainable growing operations. With the experience and expertise of the Coffee House team, a missing niche in town can be fulfilled.”

2. Business Description

This is your chance to describe your company and what it does. Include a look at when the business was formed, and your mission statement. These are the things that tell your story and allow others to connect to you. It can also serve as your own reminder of why you got started in the first place. Turn to this section for motivation if you find yourself losing steam.

Some of the other questions you can answer in the business description section of your plan include:

- ✚ What is the business model? (What are your customer base, revenue sources and products?)
- ✚ Do you have special business relationships that offer you an advantage?
- ✚ Where are you located?
- ✚ Who are the principals?
- ✚ What is the legal structure?
- ✚ What are some of the market opportunities?
- ✚ What is your projected growth?

Answering these questions narrows your focus and shows potential lenders and backers how you're viewing your venture.

3. Market Analysis

This is your chance to look at your competition and the state of the market as a whole. Your market analysis is an exercise in seeing where you fit in the market — and how you are superior to the competition.

As you create your market analysis, you need to make sure to include information on your core target market, profiles of your ideal customers and other market research. You can also include testimonials if you have them.

Part of your market analysis should come from looking at the trends in your area and industry. Coffee House, Inc., recognizes that there is a wide trend toward “slow” food and the idea of experiencing life. On top of that, Coffee House surveyed its city and found no local coffee houses that offered fresh-ground beans or high-end accessories for do-it-yourselfers.

Coffee House can create an ideal customer identity. The ideal customer is a millennial or younger member of Gen X. He or she is a professional and interested in experiencing life and enjoying pleasures. The ideal customer probably isn't wealthy, but is middle class, and has enough disposable income to have a hobby like coffee. Coffee House appeals to professionals who work (and maybe live) in a downtown area. They meet their friends for a good cup of coffee, but also want the ability to make good coffee at home.

4. Organization and Management

Use this section of your business plan to show off your team superstars. In fact, there are plenty of indications that your management team matters more than your product idea or pitch.

Venture capitalists want to know you have a competent team that has the grit to stick it out. You are more likely to be successful and pivot if needed when you have the right management and organization for your company.

Make sure you highlight the expertise and qualifications of each member of the team in your business plan. You want to impress.

In the case of Coffee House, Inc., the founders emphasize their connections in the world of coffee, particularly growers that use sustainable practices. They can get good prices for bulk beans that they can brand with their own label. The founders also have experience in making

and understanding coffee and the business. One of them has an MBA, and can leverage the executive ability. Both have worked in marketing departments in the past, and have social media experience, so they can highlight their expertise.

5. Sales Strategies

How will you raise money with your business and make profits a reality? You answer this question with your sales strategy. This section is all about explaining your price strategy and describing the relationship between your price point and everything else at the company.

You should also detail the promotional strategies you're using now, along with strategies you hope to implement later. This includes your social media efforts and how you use press releases and other appearances to help raise your brand awareness and encourage people to buy or sign up for your products or services.

Your sales strategy section should include information on your web development efforts and your search engine optimization plan. You want to show that you've thought about this, and you're ready to implement a plan to ramp up sales.

Coffee House needs to make sure they utilize word of mouth and geolocation strategies for their marketing. Social media is a good start, including making Facebook Live videos of them demonstrating products and how to grind beans. They can encourage customers to check in when visiting, as well as offer special coupons and promotions that activate when they come to the house to encourage sales.

6. Funding Requirements

Here's where you ask for the amount of money you need. Make sure you are being as realistic as possible. You can create a range of numbers if you don't want to try to pinpoint an exact number. Include information for a best-case scenario and a worst-case scenario. You should also put together a timeline so your potential funders have an idea of what to expect.

It can cost between \$200,000 and \$500,000 to open a coffee house, and profit margins can be between 7 and 25 percent, depending on costs. A well-run coffee house can see revenues of as much as \$1 million a year by the third year, according to the Chronicle. Some of the things Coffee House, Inc., would include in its timeline are getting premises, food handlers' permits and the proper licenses, arrange for regular supply and get the right insurance. How long these items take depend on state and local regulations. No matter your business, get an idea of what steps you need to take to make it happen and how long they typically take. Add it all into your timeline.

7. Financial Projections

Finally, the last section of your business plan should include financial projections. Make sure you summarize any successes up to this point. This is especially important if you hope to secure funds for expansion of your existing business.

Your forward-looking projections should be based on information about your revenue growth and market trends. You want to be able to use information about what's happening, combined with your sales strategies, to create realistic projections that let others know when they can expect to see returns.

Even though it can be time-consuming to create a business plan, your efforts will be rewarded. The process is valuable for helping you identify potential problems, as well as help you plan ahead. You'll be more organized and better prepared for success.



Guidelines to your business plan titles

Now you are at the merge to select a business idea and prepare appropriate business plan so that it will help you succeed in your idea. Leaving you free to choose your own title, hereunder are some **MANDATORY** guidelines that you should follow while selecting a business idea.

1. Your business idea will be best preferred if it focuses on your field of study, i.e. civil engineering.
 - ✓ Road and Transport Engineering
 - ✓ Structural Engineering
 - ✓ Geotechnical Engineering
 - ✓ Water related Streams
2. You can choose other community services to work on (with low preference), such as
 - ✓ Schools
 - ✓ Recreational centers
 - ✓ Hotels
3. You can select any one of the three economic sector
 - ✓ Primary – supplying raw materials
 - ✓ Secondary – Manufacturing
 - ✓ Tertiary - Trading
4. You can also choose consultancy services related to any specialization of civil engineering
5. You are free to choose a city, town, or any place else where you are assuming to have your business.
6. Never forget to include any key element of a business plan that your be project needs.

NOTICE

- ✚ You all must come up with an original, clear and comprehensive business plan as I will check it deeply to check whether you have devoted your time and effort for the best of your capacity or not.
- ✚ You are allowed to work in groups having five members at most.
- ✚ Titles of any two or more groups should not be similar. Your titles must exactly be different from each other.