

SAVVY ENTREPRENEURSHIP

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The Savvy Entrepreneur

LEARNING OBJECTIVES

- Identify the advantages and disadvantages of entrepreneurship
- Complete a career interest inventory test
- Complete a personality traits test
- Complete an entrepreneurial mindset test
- Recognize entrepreneurial business opportunities
- Understand the various pathways to entrepreneurship
- Understand the key mechanisms that allow a business to operate
- Create a business model that leads to profitability
- Recognize how the needs of a business are linked to the development of a business plan
- Learn how to develop a strong work ethic

The Entrepreneurial Fit

- Entrepreneur vs. entrepreneurship
- Advantages and disadvantages of entrepreneurship

Advantages	Disadvantages
The ability to generate significant income	The potential of losing your own money or investor funds
The ability to be creative and pursue ideas and passions	The variability of earnings, especially in the early stages
The ability to create jobs and impact society	The long work hours and business uncertainty
Independence and control over your work schedule	Work–life balance challenges
The personal fulfillment that can come from building something meaningful	The lack of traditional job benefits such as healthcare
Learning valuable leadership and business skills	Significant responsibilities including managing employees

The Entrepreneurial Fit (cont.)

- Characteristics common among entrepreneurs: creativity, initiative, risk tolerance, perseverance, resilience, problem-solving ability, adaptability, and leadership ability
- Personality and Mindset Testing
 - Myers-Briggs Type Indicator
 - The 4 most common MBTI types in startups: ESTPs, ENTPs, ENTJs, and INTJs
 - Understanding personality traits, strengths, and weaknesses
 - Self-Reflection and Personal Growth
- Career Interest and Aptitude Testing

Entrepreneurial Opportunities

Tips:

1. Pick a profitable audience.
2. Build a simple foundation.
3. Focus on what works for you.
4. Get exposure.
5. Offer value and charge what you are worth.
6. Study what's working and scale.

— from *Entrepreneur Magazine*

Entrepreneurial Opportunities (cont.)

- How does innovation fuel competition and choice in a free-market economy?
- Use the “disruptive lens.”
 - Can the process be done faster?
 - Can the process be done with less cost and more sales?
 - Are there more environmentally friendly resources?
 - Does the process target all consumers who would be interested?

Entrepreneurial Opportunities (cont.)

Identifying Products or Services to Soothe the Pain Point

- Three tips:
 1. Existing jobs with limited providers
 2. Low-end market opportunities of little interest to large players
 3. New market opportunities



Entrepreneurial Opportunities (cont.)

The Design Thinking Process:

- Empathize
- Define
- Ideate
- Prototype
- Test

Pathways to Entrepreneurship

- Comparing Entrepreneurial Pathways
 - Startups
 - Franchises
 - Acquisitions
 - Mergers (corporate entrepreneurship)
 - Non-profits
 - Corporate intrapreneurship: a corporation has policies that encourage employees to function in an entrepreneurial way

Stay Entrepreneurial



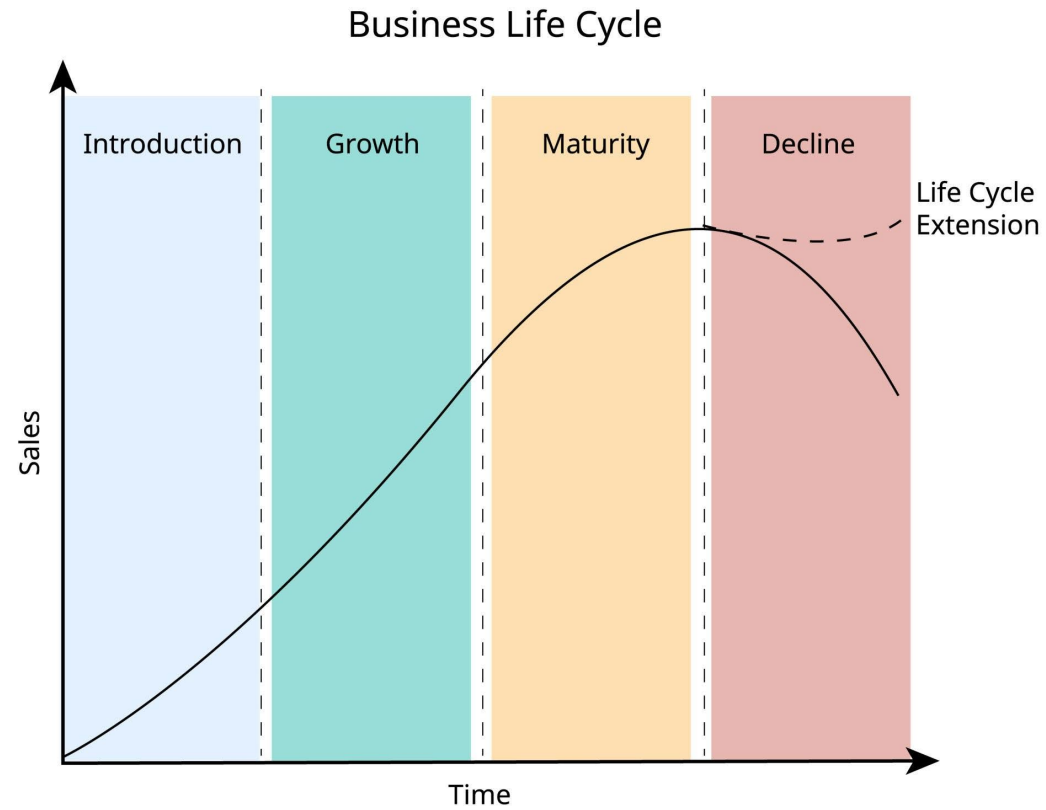
Consider Marjorie Perry's advice:

- Realize your passions.
- Be mindful in goal setting.
- Show up every day.
- Embrace creativity.
- Understand the role of rejection.
- Be open-minded.
- Embrace self-improvement.
- Be inspired.
- See the bigger picture.
- Rest.
- Celebrate milestones.
- Reward often.

The Balancing Act of the Entrepreneur



The Business Life Cycle



The Business Model

- How a business makes money
- Must consider:
 - Financial needs
 - Available time (resources needed)
 - Other available resources (like equipment and technology)
 - Risk
 - Competitors

The Business Model (cont.)

The Business Model Canvas:

1. Value Propositions
2. Customer Segments
3. Customer Relationships
4. Channels
5. Key Activities
6. Key Resources
7. Key Partnerships
8. Cost Structure
9. Revenue Streams



The Business Model (cont.)

- Unit Economics and The Break-Even Point
 - Fixed costs
 - Contribution margin

$$\text{Break-Even Point (Units)} = \frac{\text{Fixed Costs}}{\text{Selling Price per Unit} - \text{Variable Cost per Unit}}$$

- Profitability
 - Profit = Total Revenue – Total Expenses

The Business Model (cont.)

Is There a Market?

- Ask customers!
- Have customers try the product and then gather feedback.
- Determine how many units can potentially be sold daily (DAU) or monthly (MAU).
- Measure the experience as if you were a customer:
 - Is the product easy to order online?
 - Is the product easy to locate in a store?
 - Is the store clean?
 - Etc.



The Business Plan



Professional Skills for Entrepreneurs

What are examples of a strong work ethic?

- Working hard
- Following up and following through
- Meeting deadlines
- Staying on track



CHAPTER SUMMARY

- Small-business owners are entrepreneurs working to bring their product or service to market.
- When analyzing entrepreneurial business opportunities, consider your finances, time, equipment, risk appetite, and competitors.
- In a profitable business model, revenue surpasses expenses.
- The business plan is the blueprint for success.
- Being continually willing to evolve with an ever-changing market is key for the savvy entrepreneur.