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**LEADERSHIP AND CHANGE MANAGEMENT**

***ENTREPRENEURSHIP AND MANAGEMENT***

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1. **INTRODUCTION**

An Entrepreneur sets up a business or businesses from a scratch taking crucial risk by investing his resources with the hope of making profit. He could be regarded as a speculator because he grabs it and go to work to generate ideas and create ways without fear but focused on the end product which is profitability. He is willing to venture into the unknown with a positive mindset, laser focus and ‘’I can do” attitude. An entrepreneur is “GRIT” personified, passionate, and dogged and consistently get things done.

An Entrepreneur is known for the following distinguishing character traits;

* Clarity of purpose: Never in doubt of what they want or what is to be done.
* Selflessness: They are confident and believe in their dreams.
* Opportunist: They have eagle eye for opportunities, niches and novel in thinking. They see something out of nothing.
* Focus: An Entrepreneur is laser focus- ‘’faces one course until successful”.
* Creative and value adding culture: They never leave anything the way they met it.
* Open-mindedness: They have different perceptions to ideas and never shut out any.
* They are team players: They build and maintain relationships.
* Entrepreneurs are leaders: They believe in Personnel development.
* Insatiable: They are positively restless, improving on their yesterday regularly. They are creatively active and never satisfied with good until they get the best out of any situation.
* Adaptability and flexibility: Fast learners who are always willing to adapt and change Technology, ideas, processes and procedures.
* GRIT: An Entrepreneur is persistently consistent, resilient and fearless human being who sees every challenge as an opportunity to succeed. This trait helps him to do the impossible.
* Wealth creator: A mindset of abundance even in scarcity. He sees every challenge as an opportunity to announce himself and make a difference. He is a change Agent.

 **1.1 DEFINITIONS.**

* “Entrepreneurship is the process by which individuals pursue opportunities without regard to the resources they currently control. The essence of Entrepreneurial behavior is identifying opportunities and putting useful ideas into practice. These set of tasks called for by this behavior can be accomplished by either an individual or a group and typically requires creativity, drive and willingness to take risk”(1)

Source (1). Baringer and Ireland. Introduction to Entrepreneurship. http://www.k/university.in

* “ An Entrepreneur assembles and then interprets all the resources needed- money, the people, the Business model, the strategy and the risk-bearing ability to transform the invention into a viable business” (2)

Source (2). Bruce R. Baringer. Entrepreneurship, Bartleby Research, bartleby.com

* “An Entrepreneur is an individual who creates a new business, bearing most of the risk and enjoying most of the rewards. The process of setting up a business is known as entrepreneurship. The Entrepreneur is commonly seen as an innovator, a source of new ideas, goods, services and business or procedure “(3)

Source (3). Adam Hayes. Entrepreneur. Updated November 12, 2021. Investopedia

* “One who always searches for change, respond to it and exploit it as an opportunity. Innovation is the specific tool of Entrepreneurs, the means by which they exploit change as an opportunity for a different business or service” (4)

Source (4). Peter Drucker. What is Entrepreneurship? Economicdiscussion.net

* ”An Entrepreneur is an innovator who carries out new combinations to initiate the process of economic development through introduction of new products, new markets, conquerors of new source of raw materials and establishment of a new organization or industry’’(5)

Source (5). J.A. Schumpeter. Entrepreneurs as innovation. www.investopedia.com

**1.2 LEARNING OBJECTIVES**

The key objective of Entrepreneurship and Management is to develop and build capacity in entrepreneurial skills of the Student to enable him become;

* A wealth creator and
* Start own business.

Upon graduation, student should;

* Be able to design an operational Business plan.
* Develop skills of business management.
* Capable of running a financially stable business organization.
* Design sales and marketing models.
* Run a profitable financial model. ROI is critical
* Drive growth, innovation and sustainability.
* Effectively plan and run a CSR program.
* Create value and new experiences for customers and shareholders.

 **1.3 ENTREPRENEURAL MINDSET**

Successful Entrepreneurs have certain common characteristics traits that set them apart from others. The Entrepreneurial mindset or Entrepreneurial spirit is their neutral attitude, inclination, ways of thinking, ideology, worldview, psyche or ethos towards life and businesses in general. Their mindset is a set of skills which enables them;

* Identify opportunities easily.
* Develop capacity to plan and execute amidst challenges.
* Staying power to overcome their fear and conquer obstacles.
* Learn fast and fail forward.

They are successful because they have the ‘’i can do spirit’’. They are focused and passionate in whatever they do. In this study, we outline a common trend in the mindset of Entrepreneurs;

* Customers are king to them: They drive every business from the viewpoint of the customers. They tailor their products and services towards the needs’ of the society.
* Market/Product Development: They are not scared of creating new product or markets. They easily improve on existing ones. They are adventurist.
* Team /network building: They are social butterflies. They connect and build teams and networks. They are strong believers of people and trust easily.
* Free-givers: They give freely with or without expecting return. They see opportunities in giving freely without looking for payback or return.
* Visionary and vision controllers: They know what they want and keep working hard at it undeterred. They are consistently determined towards their goals. They build the work culture around their vision.
* Brand freaks: They create a strong and positive perception about their business and guide the integrity jealously. They are consistent in their marketing communication. Coca cola and “friendship”, Nike and “just do it”.
* Prioritize always: They focus their energies on what’s important and vitally critical to the success of the business. They do the needful and shy away from wasteful ventures.
* Quality and excellence: They are no believers of half-measures. They do it right always and they are conscious of quality and brand promises. They are obsessed with quality and excellent output.
* Power of differentiation: They always like to stand out in whatever they do. They are creative and skillful in adding value in all they do. They differentiate their products and services by doing what others are not doing.
* Responsible and Accountable: They take ownership of their business. They are in control and take responsibility for success or failures. They take challenges as stepping stones and fail forward.

They are fast learners and readers. They exploit every opportunity to increase their knowledge and skills. Venturing into virgin fields is a near normal to them. They are deep thinkers and doers side by side.

 **1.4 GENERATING NEW IDEAS**

It is a common saying that ideas rule the world. But ideas do not exist in a vacuum. Idea generation is a process of envisioning, creating, developing and communicating imaginary or abstract or visual idea. Ideas exist in the imaginary world and can come to reality via Critical Thinking and analysis. The process of creating new ideas or idea management passes through a funnel where possible ideas are filtered into an actual idea.

**INNOVATION STRATEGY**

Generate & collect ideas

Fuzzy front

Refine & evaluate

 End

Innovation management

Validates & test

Back end

Implement

Figure1. .Viima Hype Innovation funnel

New ideas could be generated by gathering information from employees or created from deep thinking or environmental scanning.

TOOLS AND METHODS OF GENERATING IDEAS;

* Observation: Closely monitor or observe things around you. Scrutinize, analyze the things you see. Everything created was created twice. Be sensitive and critical.
* Socialize: Take tours, change environment; move out of your comfort and usual base to a new environment.
* Reading: Read widely and be open-minded. Insights, creative thoughts abound in reading. The more you read, the wider your scope of creative ideas.
* Learning /searching: The environment, web, places, markets and people’s mind.
* Journal: Always go around with a pen and a paper. Write down your thoughts, observations, questions or challenges of the moment. Ideas come hidden in challenges.
* Meditation: Mindfulness, focusing, mental awareness, clarity. This comes from deep thinking and challenging assumptions.
* Brainstorming: Gather a group of people to share and generate ideas unhindered and uninterrupted. They are allowed to express themselves widely and randomly. It’s a no holds bars moment.

TECHNIQUES OF GENERATING NEW IDEAS

* Break old thinking patterns, view issues differently.
* Challenge assumptions and beliefs. Play the devil’s advocate.
* Seek others’ perspectives, take other options.
* Think out of the box; think as if no box exists. Disconnect from the norm.
* Ask, ask, and ask – why? Why not? How? What? When? Keep seeking until you find.
* Curiosity- this they say is the mother of invention. Curiosity creates something out of nothing.
* Experiment - keep experimenting products, process, and timing. Experiment gives birth to experience.

**1.5 DESIGN THINKING**

This is a problem solving approach where the consumer’s needs are given priority, observed with empathy on how he reacts to his environment, challenge assumption, and redefine the problem with iterative thinking to provide alternative solutions hitherto unknown based on the understanding of the problem. Design thinking seeks;

* To understand and empathize with target users in providing their human needs and feedback.
* Expansive thinking also called brainstorming which is a multiple creative way of solving problems.
* Through experimentation ideas are thrown up to build prototypes.

**PROBLEM / IDEA OR SERVICE**

  PEOPLE/EMPATHIZE

DEFINE

IDEATE

PROTOTYPE

  TEST

Figure 2. The design thinking process is a flow process of 5 stages.

**EMPATHIZE** – Sit with real users to understand their need and point of view.

* The pain point
* Their target
* Their motivation.

It focuses on the true need of the consumer also called “need finding”.

To empathize;

* Assume a non- starter mindset.
* Ask the basic question of what? How? And why?
* Interview with empathy, illustrations.
* Ask the 5 whys.

**DEFINE:** - Empathy helps to define the problem. What do you learn from empathizing with the consumers? Examine your perceptions, integrate to find key issues. Organize the finding, using Empathy.

Plan – what they think, feel, experience or their pain. Create a perception - user + need + insight.

A good definition will be;

* Human centered
* Broad enough to create freedom.
* Narrow enough to be manageable.

**IDEATE** – ideas are generated from thinking through, thinking wide and formulating from the concepts.

This process is a precursor to prototyping and innovative solutions sometimes called brainstorming is a creative way of innovation and free expression. People should feel free to ask “stupid questions”. Ideation is a summary of adapting, connecting, disrupting, flipping, dreaming and imagining, experimental, recognizing of pattern and curiosity put together.

**PROTOTYPE: -** Test out the idea, product with the users. Proto-typing gets us closer to “think and answer’’ questions leading to the final solutions. Prototype can either be concept or working prototype but whichever it is, the essence is to;

* Model idea on cardboard or scrap material.
* Story board of an experience.
* Skits and simulation
* Digital mockup

**TEST: -** This stage establishes what works or does not work and then iterate. Build with the user in mind. Models are created, tested to see how users react. This stage re-clarifies issues to advice user’s utilization, individual thinking act or belief with the aim of empathizing.

**1.6 BUILDING BUSINESS MODEL**

A business model is simply a work plan to make profit and sustain the business. Business model will;

* Identify product or services to deal.
* Situate target market and
* Operational /financial indicators.

It gives direction to both new and existing businesses. A business model helps new Companies attract investment, recruit and motivate employees. For an existing business would require constant update to keep alive and aligned with trends and challenges. A business model exemplifies;

* Company core strategy for a profitable and sustainable business.
* Provide information on – Products, Services, target market, cost of operation.
* Costing and Pricing indicators.
* Business dynamics and ROI.

ESSENTIALS OF A BUSINESS MODEL

* Value proposition: Product or services offering, unique selling point (USP) and point of difference to competitors.
* Financial dynamics: Start-up costs, sources of financing, marketing plan, cash flow analysis, future expansion or diversification and strategic opportunities.
* Flexibility: Reviewable to suit business environment and market demands.
* Working capital: A good Business model must make room for an operating expense in funding until it turns profitable. There is moratorium period between Startup and Break-even point.

REVENUE MODEL

A revenue model is an action plan to generate financial income. It points to which revenue source to pursue, proposition, price dynamics and who pays for the value, according to the founder Institute (6). There are 10 popular revenue Models listed below.

Source (6). Founder Institute. Fi.co/insight/the-10-most popular startup revenue models.

1. Ad- based Revenue Model: An advertisement is made for a product/ service on a specific website, service or app placed on a high traffic channel strategically e.g. Goggles Ad sense. This model makes money but there must be high traffic of users.
2. Affiliate Revenue model: This is also a web-based revenue model that earns sales commission from links that the products and services are affiliated to. Income here is a function of the market size.
3. Transactional model: This is the most used revenue model. It is purely transactional in the sense that products or services produced by a company are bought and paid for by the customers. It is simple and offers various payment options. It is very direct and manageable. However it is open to competition and price distortion.
4. Subscription model: Here goods and services are offered to consumers on a schedule payment over a period of time. Popular time frame is month to month or year to year. This revenue model is popular with service-oriented companies and financial institution. It generates recurring revenue over a given period
5. Web sales: Similar to transactional model but customers interaction is on the web. Payment is direct for product or services offered on the web. This works using software, hardware or a combination of both. Relationship management is limited.
6. Direct sales model: This model can exist in 2 forms;
* Inside sales- Order is placed to the company directly or through sales Agents.
* Outside sales- Face to face transaction.

There are multiple buyers and several relationship circles, enterprise sales circles. The low side is that a sales team has to be on ground to coordinate transaction.

1. Sales channels model: Also called indirect sales depends on Agents or reseller redistributing the goods or services. Good for products with incremental sales (commission) for the channel members. Disadvantage is that the channel could suppress your product in favor of competition.
2. Retail sales: This means setting up of stores or retail outlets to physically offer goods and services. Shopping malls and Retails outlets are fast tracking this Revenue model. It is an opportunity to offer complementary goods to the customers. It is a boost to an existing Brand.
3. Free products, paid services: Here products are given free but subsequent services like installation, software; staff training and other services are paid for. This model builds Trust and establishes Brand. A good way for starters to penetrate the market. Here product is a marketing cost and revenue only comes from services.
4. Premium revenue model: Here the basic service is free but to access additional feature extension or specific function demands

Social media operates this revenue model. Everybody can be on LinkedIn for free, but to access premium services requires payment. It is a good market penetration strategy. The taste of the pudding lies in the eating. It takes concerted efforts to win and convert customers to paying Client.

 **1.8 BUSINESS PLAN AND FINANCIAL STATEMENTS**

Every Business starts with a Business plan. A typical business plan is a statement of production, marketing and financial statements. Here are the 3 financial statements every Business plan must factor in;

* Profit and Loss (P&L): Also called statement of income.
* Balance sheet: A summary of financial balances of assets and liabilities and equity at any given time in a business circle – yearly, quarterly or monthly. Typically compares assets and liabilities of the business.
* Cash flow statement: Also called statement of cash flow is a reflection of how changes in balance sheet and income affects cash and cash requirement usually analyzed as;
* Operating cost
* Investment cost and
* Funding activities

A Business plan with adequate financial statements throws light at a glance of the Business potentials and performance. It will define;

* The business revenue
* Running cost and expenses.
* Debt profile and liabilities.
* Profitability and cash flow.

In these present times that we are in, a good financial plan must interrogate the following key components;

* Budget and Taxes.
* Cash flow management.
* Working capital to finance purchases.
* Risk management and insurance.
* Timely and quality investment
* Communication and documentation
* Management systems for effective control
* Exit and diversification plan
* Securing assets and liabilities.

To generate a Business plan or financial statement for any organization, certain fundamentals must be considered;

* The corporate strategic plan
* Develop financial projections
* Define and arrange sources of fund
* Make room for contingencies
* Monitor and evaluate Break- Even Point (BEP).

 **1.9 MARKETING AND IDEA PITCHING**

A Business executive is a risk taker. He invests his time, energy and resources into a product or service with the hope of successfully marketing it to make profit. Creating a product, idea or Service is easy but selling it to others is the real task. Marketing and idea pitching is as important as the product.

**PITCHING** - is the ability to persuade a consumer to buy our product. Marketing is about pitching our products or services. To successfully market or pitch a product, take note of the following vital points;

* Product knowledge: Be knowledgeable about the product. You cannot sell what you don’t know.
* Establish the consumers’ need or problem you are trying to solve.
* Define your product or services.
* Do a visual presentation
* A comparative analysis: Features, market shares, pricing regimes, SWOT and Unique Selling Point (USP).
* Value- preposition: Market plan and strategies. What you are bringing to the table. A picture of return on investment.
* Social Investment: Previous wins, credibility or referrals , Brand visibility, success stories or communications

CALL TO ACTION

There must be a close to Pitching. It cannot be left open ended. Close out with a call for action giving contact details for follow-up. To successfully win a market/idea pitch over a potential customer;

* Tell a relevant story to your audience
* Limit the pitching to key essentials
* Outline business models
* Clarity of purpose to your audience
* Talk about yourself; accomplishments in a humble way, avoid arrogance.
* Address competition, apple for apple.
* Demonstrate your offering
* Dress for the occasion.

**1.10 BOOTSTRAPPING FOR RESOURCES**

Finance or funding is a critical and quintessential step of building a business. Other variables like a great business idea, team building, Right timing, Revenue model are important but funding is the hub springing out the “Spokes”

“Bootstrapping describes a situation whereby an Entrepreneur starts a Company with little Capital, relying on money other than outside investments. An individual is said to be bootstrapping when they attempt to fund and build a company from personal finances or the operating revenues of the new company. Bootstrapping also describes a procedure used to calculate the zero-coupon yield curve from market figure (7)

Source (7). WILL KENTON. Bootstrapping. Published November 7th, 2020.

https://investopedia.com/terms/b/bootsrapping

Bootstrapping looks up to the skills and ability of the Business executive to maximize;

* Personal savings
* Sweat equity
* Lean operations
* Quick inventory turnover and
* Cash

To become a profitable business, other sources of funding opened to an Entrepreneur include but not limited to;

* Raising money true Angel investors
* Raising money through ventures capital
* Bank loans
* Crowd funding the idea
* Sponsorship or grant
* Government intervention programs.

**Advantages of Bootstrapping;**

* Control of the Business: You are the decision maker. No waiting for approvals.
* Ownership and undiluted equity: Share ownership is 100%
* Motivation to grow, diversify and be profitable: The only way to survive.
* Focus and attention is total: It is your business. The rise or fall depends on you.
* No debt burden: Absolute peaces of mind as you are free from money sharks.
* Financial prudence: You are conscious not to spend anyhow.
* Product quality and consumers services are 2 key words of dedication.
* Creativity and innovation are let loose: You are forced to think out of the box.

Bootstrapping however has its own limitation amongst which are;

* Long haul business: It takes longer to build and stabilize due to limited resources available.
* Entrepreneurship is risky, stressful- mentally and financially
* Moratorium period could be long: Work for a period without pay as you keep plugging back income.
* Successful in Businesses with low capital entry point.

BOOTSTRAPPING STRATEGIES

The Entrepreneur to bootstrap will be deliberate, purposeful, intentional and strategic in thinking;

* Validate your idea: Before investing your had earned savings, validate the product/service for viability. Check the size of the projected market.
* A team of complementary skill: Competent and multi-skilled personnel are required in midst of limited funds.
* Start small but think big: Be a big fish in a small pond. Create a niche to build brand loyalty.
* Delay gratuity: Place yourself on minimum wage salary and plough back every income. This is the way to fast track the bootstrapping period.
* Be multi-skilled: Resourcefulness is the watch word. Be flexible and versatile and multitask to save on wages. Learn book-keeping, graphics, presentations irrespective of your profession.
* Creativity: Learn alternative ways of doing things. Make the process simpler, easier, faster and more effective. Think deep, wild and fast.
* Good revenue model: You need a model that would generate revenue faster and at a profitable level.
* Effectiveness: Cut down on your cost of operation. Save cost on physical office if you can to work remotely. Share overhead costs where possible.
* Take advantage of Tax breaks: Take every available relief and reduce your burn-rate to increase your runaway.
* Create and monetize quick contents: You need a higher turnover rate of products/ services to cash to stay afloat.

 **2.0 SUMMARY**

The process of Entrepreneurship Development and Management is a complex but rewarding matrix which covers:

* Imbibing attitudes and mindset of wealth creation,
* Taking advantage of opportunities and maximizing them to persistently and intentionally navigating through storms and challenges of the business.
* An Entrepreneur is a creative thinker who develops ideas out of nothing as well as a design thinker by creating systems, business models, revenue models and marketing /sales channels to convert goods and services to profitable outcomes.
* He manages his sources of fund, assets and liabilities as well a cash flow to keep the business above waters. He is a multi-skilled, multi-tasking and dedicated individual whose dedication and commitment to the business is non-paralleled.

An Entrepreneur can be summarized as;

* Passionate: Sold out to the business. Compelled by the business, strong and emotionally attached to the business.
* Strategic planner; He sees opportunity in what others can’t see. Plunge his resources to unleashing the potentials.
* Financial manager: A very resourceful person who uses what he has to get what he wants
* Business Technocrat: Highly skilled and intensively deep in what he does. He unlocks complex business challenges with simple solutions.
* Self-awareness: He knows his strength and weaknesses. He challenges his fears and rise to success. Self- confident and self- believing.
* Gives more than he takes. He is a pathfinder of the society.

**3.0 RECOMMENDATION**

* Entrepreneurship should be made a learning subject for Schools. Starting from the junior secondary School level. It is a lifelong skill which should be harnessed from the early stages of human development.
* An apprenticeship/ mentoring culture of Entrepreneurship should be developed as acquisition centers for non schooling or out of school adults.
* I advocate a global approach to Entrepreneurship. Just like the pattern of United Nations Health and Educational schemes.
* Government of Nations should give incentives, tax reliefs and freebies to emerging Entrepreneurs.

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