MODULE III

ENTREPRENEURSHIP SKILLS

A. Basics of Entrepreneurship

- Meaning of Entrepreneurship

  Entrepreneurship is the ability and readiness to develop, organize and run a business enterprise, along with any of its uncertainties in order to make a profit. The most prominent example of entrepreneurship is the starting of new business

  In economics, entrepreneurship connected with land, labour, natural resources and capital can generate a profit. The entrepreneurial vision is defined by discovery and risk-taking and is an indispensable part of a nation's capacity to succeed in an ever-changing and more competitive global marketplace.

  Entrepreneurial skills can encompass a broad range of various skill sets like technical skills, leadership and business management skills and creative thinking. Because entrepreneurial skills can be applied to many different job roles and industries, developing your entrepreneurial skills can mean developing several types of skill sets. For instance, to be a successful business owner, you may need to develop your business management skills. To build and maintain successful project teams you might need to improve your leadership and communication skills.

  ENTREPRENEUR

  The entrepreneur is defined as someone who has the ability and desire to establish, administer and succeed in a startup venture along with risk entitled to it, to make profits. The best example of entrepreneurship is the starting of a new business venture. The entrepreneurs are often known as a source of new ideas or innovators, and bring new ideas in the market by replacing old with a new invention.

  It can be classified into small or home business to multinational companies. In economics, the profits that an entrepreneur makes is with a combination of land, natural resources, labour and capital.

  In a nutshell, anyone who has the will and determination to start a new company and deals with all the risks that go with it can become an Entrepreneur.

  Importance of Entrepreneurship:

- **Creation of Employment-** Entrepreneurship generates employment. It provides an entry-level job, required for gaining experience and training for unskilled workers.
- **Innovation-** It is the hub of innovation that provides new product ventures, market, technology and quality of goods, etc., and increase the standard of living of people.
- **Impact on Society and Community Development-** A society becomes greater if the employment base is large and diversified. It brings about changes in society and promotes facilities like higher expenditure on education, better sanitation, fewer slums, a higher level of homeownership. Therefore, entrepreneurship assists the organisation towards a more stable and high quality of community life.

- **Increase Standard of Living-** Entrepreneurship helps to improve the standard of living of a person by increasing the income. The standard of living means, increase in the consumption of various goods and services by a household for a particular period.
- **Supports research and development-** New products and services need to be researched and tested before launching in the market. Therefore, an entrepreneur also dispenses finance for research and development with research institutions and universities. This promotes research, general construction, and development in the economy.

ENTREPRENEURIAL SKILLS

Entrepreneurial skills can encompass a large range of both soft and hard skills. Because of the many business roles entrepreneurs may take on, they may also develop a variety of different skill sets to accommodate the growth of their businesses and brands. Developing the following skill sets can also help you develop your entrepreneurial skills.

- Business management skills
- Teamwork and leadership skills
- Communication and listening
- Customer service skills
- Financial skills
- Analytical and problem-solving skills
- Critical thinking skills
- Strategic thinking and planning skills
- Technical skills
- Time management and organizational skills
- Branding, marketing and networking skills

Business management skills

Successful entrepreneurs will most often rely on their business skills to manage and run a business or brand. Developing your business management skills can mean building up your ability to multitask, delegate responsibilities to subordinates and making decisions regarding the health and profitability of your business.

Teamwork and leadership skills

Becoming a successful entrepreneur can also mean taking on leadership roles and working as part of a team? Being a business owner means you will most likely act as both a supervisor and as part of a team, and you will need to rely on effective leadership skills to help motivate your team.

Communication and listening

Business owners and entrepreneurs should also develop effective communication skills. From active listening to discussions during meetings, being able to communicate effectively can help you work with others to build your business. Likewise, effective communication can also translate to how you promote awareness of your brand. For instance, effective and clear messages through emails, content marketing, social media and other advertising methods can positively influence how you reach your target market.

Customer service skills

No matter the industry you venture into as an entrepreneur, you may still need to develop effective customer service skills. From talking with potential clients to discussing opening partnerships, effective customer service skills can help you connect with your customer base and ensure your brand is providing the products or services your market needs.

Financial skills

Owning a business can also mean taking care of the financial aspects of your organization. You can develop financial skills by learning from a financial planner, reading financial guidebooks and using financial software to help you organize and keep track of the financial processes in your business.

Analytical and problem-solving skills

Successful entrepreneurs may also have exceptional analytical and problem-solving skills. This is because there can be many aspects of building a brand or business that can require difficult decisions, finding solutions to obstacles and using creative thinking to develop plans and strategies that will help you achieve your business goals.

Critical thinking skills

Critical thinking skills, like analytical skills, can be necessary for developing your overall entrepreneurial skills. Being able to look at problems, situations, projects and operations from different perspectives can help in decision-making and problem solving. Critical thinking skills can also be necessary for strategic planning and evaluating the approaches you're using to make changes or improve your business strategies as needed.

Strategic thinking and planning skills

Critical thinking skills can also translate into strategic thinking skills. Entrepreneurs who have built brands and businesses most likely applied their strategic planning skills to develop strategies for growing and developing their businesses. To be successful as an entrepreneur, it takes planning and being able to think strategically can allow you to find ways to beat out your competition, grow your market reach or implement effective strategies to reach your goals.

Technical skills

Because of the availability of software programs for financial analysis, planning, marketing and other business processes, it can be extremely beneficial to develop your technical skills. Entrepreneurs with efficient technological skills can use software and other digital approaches for managing projects, tracking sales and revenue and measuring the performance of business growth.

Time management and organizational skills
Time management and organization are also important skills for entrepreneurs to have. Strategies that can help develop these skill sets include breaking down tasks into manageable to-do lists and setting deadlines and achievable objectives for yourself and for your team. Additionally, you might implement technology to help keep business files organized or employ an office assistant to help you keep paperwork, business records and customer files organized.

Branding, marketing and networking skills
Entrepreneurs may spend the majority of their time marketing and networking with other professionals to promote and grow their brands. Being able to implement successful branding and marketing strategies can be an essential aspect of becoming an entrepreneur. You might take a free online course to get started with branding and marketing basics, and you can also meet with other entrepreneurs to help grow your network.

Characteristics of Entrepreneurship:
Not all entrepreneurs are successful; there are definite characteristics that make entrepreneurship successful. A few of them are mentioned below:

- **Ability to take a risk-** Starting any new venture involves a considerable amount of failure risk. Therefore, an entrepreneur needs to be courageous and able to evaluate and take risks, which is an essential part of being an entrepreneur.
- **Innovation-** It should be highly innovative to generate new ideas, start a company and earn profits out of it. Change can be the launching of a new product that is new to the market or a process that does the same thing but in a more efficient and economical way.
- **Visionary and Leadership quality-** To be successful, the entrepreneur should have a clear vision of his new venture. However, to turn the idea into reality, a lot of resources and employees are required. Here, leadership quality is paramount because leaders impart and guide their employees towards the right path of success.
- **Open-Minded-** In a business, every circumstance can be an opportunity and used for the benefit of a company. For example, Paytm recognised the gravity of demonetization and acknowledged the need for online transactions would be more, so it utilised the situation and expanded massively during this time.
- **Flexible-** An entrepreneur should be flexible and open to change according to the situation. To be on the top, a businessperson should be equipped to embrace change in a product and service, as and when needed.
- **Know your Product-**A company owner should know the product offerings and also be aware of the latest trend in the market. It is essential to know if the available product or service meets the demands of the current market, or whether it is time to tweak it a little. Being able to be accountable and then alter as needed is a vital part of entrepreneurship.

Classification and types of entrepreneurship

Though entrepreneurship is the overall process of developing, launching and running a business, there are many different types of entrepreneurship. People have varying aspirations and visions for the kind of businesses they want to create. Everyone operates their business based on their own personality, skills and characteristics. Some people think that with hard work they can find success, while others may use capital to help them get there. For some entrepreneurs, profits are less important than providing a social good.

Though every type of entrepreneur experiences similar challenges, they may choose to address them differently. Each type of entrepreneur sees challenges in a unique way and has different resources to overcome them.

It is classified into the following types:

- Small business entrepreneurship
- Large company entrepreneurship
- Scalable startup entrepreneurship
- Social entrepreneurship
- Innovative entrepreneurship
- Hustler entrepreneurship
- Imitator entrepreneurship
- Researcher entrepreneurship
- Buyer entrepreneurship

Small Business Entrepreneurship-

These businesses are a hairdresser, grocery store, travel agent, consultant, carpenter, plumber, electrician, etc. These people run or own their own business and hire family members or local employee. For them, the profit would be able to feed their family and not making 100 million business or taking over an industry. They fund their business by taking small business loans or loans from friends and family.

Large company entrepreneurship

Large company entrepreneurship is when a company has a finite amount of life cycles. This type of entrepreneurship is for an advanced professional who knows how to sustain innovation. They are often a part of a large team of C-level executives. Large companies often create new services and products based on consumer preferences to meet market demand. Small business entrepreneurship can turn into large company entrepreneurship when the company rapidly grows.

This can also happen when a large company acquires them. Companies such as Microsoft, Google and Disney are examples of this kind of entrepreneurship.

Scalable startup entrepreneurship

This kind of entrepreneurship is when entrepreneurs believe that their company can change the world. They often receive funding from venture capitalists and hire specialized employees. Scalable startups look for things that are missing in the market and create solutions for them. Many of these types of businesses start in Silicon Valley and are technology-focused. They seek rapid expansion and big profit returns. Examples of scalable startups are Facebook, Instagram and Uber.

Social entrepreneurship

An entrepreneur who wants to solve social problems with their products and services is in this category of entrepreneurship. Their main goal is to make the world a better place. They don't work to make big profits or wealth. Instead, these kinds of entrepreneurs tend to start nonprofits or companies that dedicate themselves to working toward social good.

Innovative entrepreneurship

Innovative entrepreneurs are people who are constantly coming up with new ideas and inventions. They take these ideas and turn them into business ventures. They often aim to change the way people live for the better. Innovators tend to be very motivated and passionate people. They look for ways to make their products and services stand out from other things on the market. People like Steve Jobs and Bill Gates are examples of innovative entrepreneurs.

Hustler entrepreneurship

People who are willing to work hard and put in constant effort are considered hustler entrepreneurs. They often start small and work toward growing a bigger business with hard work rather than capital. Their aspirations are what motivates them, and they are willing to do what it takes to achieve their goals. They do not give up easily and are willing to experience challenges to get what they want. For example, someone who is a hustler is willing to cold call many people in order to make one sale.

Imitator entrepreneurship

Imitators are entrepreneurs who use others' business ideas as inspiration but work to improve them. They look to make certain products and services better and more profitable. An imitator is a combination between an innovator and a hustler. They are willing to think of new ideas and work hard, yet they start by copying others. People who are imitators have a lot of self-confidence and determination. They can learn from others' mistakes when making their own business.

Researcher entrepreneurship

Researchers take their time when starting their own business. They want to do as much research as possible before offering a product or service. They believe that with the right preparation and information, they have a higher chance of being successful. A researcher makes sure they understand every aspect of their business and have an in-depth understanding of what they are doing. They tend to rely on facts, data and logic rather than their intuition. Detailed business plans are important to them and minimize their chances of failure.

Buyer entrepreneurship

A buyer is a type of entrepreneur who uses their wealth to fuel their business ventures. Their specialty is to use their fortunes to buy businesses that they think will be successful. They identify promising businesses and look to acquire them. Then, they make any management or structural changes they feel are necessary. Their goal is to grow the businesses they acquire and expand their profits. This kind of entrepreneurship is less risky because they are purchasing already well-established companies.

Different Classifications

Based on the Type of Business:

1. Trading Entrepreneur:

As the name itself suggests, the trading entrepreneur undertake the trading activities. They procure the finished products from the manufacturers and sell these to the customers directly or through a retailer. These serve as the middlemen as wholesalers, dealers, and retailers between the manufacturers and customers.

2. Manufacturing Entrepreneur:

The manufacturing entrepreneurs manufacture products. They identify the needs of the customers and, then, explore the resources and technology to be used to manufacture the products to satisfy the customers' needs. In other words, the manufacturing entrepreneurs convert raw materials into finished products.

3. Agricultural Entrepreneur:

The entrepreneurs who undertake agricultural pursuits are called agricultural entrepreneurs. They cover a wide spectrum of agricultural activities like cultivation, marketing of agricultural produce, irrigation, mechanization, and technology.

Based on the Use of Technology:

1. Technical Entrepreneur:

The entrepreneurs who establish and run science and technology-based industries are called 'technical entrepreneurs.' Speaking alternatively, these are the entrepreneurs who make use of science and technology in their enterprises. Expectedly, they use new and innovative methods of production in their enterprises.

2. Non-Technical Entrepreneur:

Based on the use of technology, the entrepreneurs who are not technical entrepreneurs are non-technical entrepreneurs. The forte of their enterprises is not science and technology. They are concerned with the use of alternative and imitative methods of marketing and distribution strategies to make their business survive and thrive in the competitive market.

Based on Ownership:

1. Private Entrepreneur:

A private entrepreneur is one who as an individual sets up a business enterprise. He / she it's the sole owner of the enterprise and bears the entire risk involved in it.

2. State Entrepreneur:

When the trading or industrial venture is undertaken by the State or the Government, it is called 'state entrepreneur.'

3. Joint Entrepreneurs:

When a private entrepreneur and the Government jointly run a business enterprise, it is called 'joint entrepreneurs.'

Based on Gender:

1. Men Entrepreneurs:

When business enterprises are owned, managed, and controlled by men, these are called 'men entrepreneurs.'

2. Women Entrepreneurs:

Women entrepreneurs are defined as the enterprises owned and controlled by a woman or women having a minimum financial interest of 51 per cent of the capital and giving at least 51 per cent of employment generated in the enterprises to women.

Based on the Size of Enterprise:

1. Small-Scale Entrepreneur:

An entrepreneur who has made investment in plant and machinery up to Rs 1.00 crore is called 'small-scale entrepreneur.'

2. Medium-Scale Entrepreneur:

The entrepreneur who has made investment in plant and machinery above Rs 1.00 crore but below Rs 5.00 crore is called 'medium-scale entrepreneur.'

3. Large-Scale entrepreneur:

The entrepreneur who has made investment in plant and machinery more than Rs 5.00 crore is called 'large-scale entrepreneur.'

Based on Clarence Danhof Classification:

Clarence Danhof (1949), on the basis of his study of the American Agriculture, classified entrepreneurs in the manner that at the initial stage of economic development, entrepreneurs have less initiative and drive and as economic development proceeds, they become more innovating and enthusiastic.

Based on this, he classified entrepreneurs into four types:

1. Innovating Entrepreneurs:

Innovating entrepreneurs are one who introduce new goods, inaugurate new method of production, discover new market and reorganize the enterprise. It is important to note that such entrepreneurs can work only when a certain level of development is already achieved, and people look forward to change and improvement.

2. Imitative Entrepreneurs:

These are characterized by readiness to adopt successful innovations inaugurated by innovating entrepreneurs. Imitative entrepreneurs do not innovate the changes themselves, they only imitate techniques and technology innovated by others. Such types of entrepreneurs are particularly suitable for the underdeveloped regions for bringing a mushroom drive of imitation of new combinations of factors of production already available in developed regions.

3. Fabian Entrepreneurs:

Fabian entrepreneurs are characterized by very great caution and skepticism in experimenting any change in their enterprises. They imitate only when it becomes perfectly clear that failure to do so would result in a loss of the relative position in the enterprise.

4. Drone Entrepreneurs:

These are characterized by a refusal to adopt opportunities to make changes in production formulae even at the cost of severely reduced returns relative to other like producers. Such entrepreneurs may even suffer from losses but they are not ready to make changes in their existing production methods.

Following are some more types of entrepreneurs listed by some other behavioural scientists:

1. Solo Operators:

These are the entrepreneurs who essentially work alone and, if needed at all, employ a few employees. In the beginning, most of the entrepreneurs start their enterprises like them.

2. Active Partners:

Active partners are those entrepreneurs who start/ carry on an enterprise as a joint venture. It is important that all of them actively participate in the operations of the business. Entrepreneurs who only contribute funds to the enterprise but do not actively participate in business activity are called simply ‘partners’.

3. Inventors:

Such entrepreneurs with their competence and inventiveness invent new products. Their basic interest lies in research and innovative activities.

4. Challengers:

These are the entrepreneurs who plunge into industry because of the challenges it presents. When one challenge seems to be met, they begin to look for new challenges.

5. Buyers:

These are those entrepreneurs who do not like to bear much risk. Hence, in order to reduce risk involved in setting up a new enterprise, they like to buy the ongoing one.

6. Life-Timers:

These entrepreneurs take business as an integral part to their life. Usually, the family enterprise and businesses which mainly depend on exercise of personal skill fall in this type/category of entrepreneurs.

TRAITS AND COMPETENCIES OF ENTREPRENEUR

There isn't any "ideal" entrepreneurial personality for an entrepreneur who is successful. You should be thrill-seeking and sociable, as well as analytical, intuitive and taciturn. However, there are some experts in the industry that say that new entrepreneurs who have become successful have some common traits, as shared below:

1. Passion

This is the most significant characteristic that every entrepreneur has, and for obvious reasons. They are successful because they love what they do. These entrepreneurs put all the extra hours they have into the business to make it successful and flourish. It is a pleasure for them to see the results of their labor, which goes well beyond the money received.

People like this are always researching and reading things to find strategies in how they can make their business better.

2. Strong work ethic

Entrepreneurs who are successful make sure that they are always the one who is first to the office and the last one to leave.

These people are those who ensure that they come to the office during their off days, if needed, just to ensure that the outcomes meet their expectations. The successful entrepreneurs are those who always have their mind in their work, even if they are not in their workplace.

3. Strong people skills

A successful entrepreneur is someone who has excellent communication skills for selling the products to customers and motivating the employees. Yes, most entrepreneurs who have the power to motivate their employees can see their business grow within no time. These entrepreneurs are also great at instructing others to be successful and highlighting the advantages of any situation.

4. Determination

The successful entrepreneurs are never greatly impacted by the defeats they encounter. For them, failure is like an opening for a success story, and hence, they try again and again just till they get the success they are expecting. Moreover, these entrepreneurs are not wired to believe that some things are not possible and cannot be done.

5. Creativity

One of the main aspects of creativity is the ability to find a relationship between two unrelated situations or events. They usually come up with the solutions of these problems that are a combination of other things. These people normally re-purpose the items for marketing them to new industries.

6. Competitiveness

The number of companies formed are increasing every month and every year, as every entrepreneur feels that they can do a much better job than others. They run with the aim that they need to win at the sport they play and win the business that they are creating or have created. It is an entrepreneur that highlights the track record of success of their company.

7. Self-Starter

Every successful entrepreneur knows that if something has to be done, it needs to be done by themselves. Parameters are set by them, and they ensure that the projects are following that path. They do not wait for someone to permit them and are highly proactive.

8. Open Minded

For those entrepreneurs that are successful or are following others who have been successful, understand that each situation and event is a business opportunity. There are new ideas that continually come out regarding new potential businesses, people skills, efficiency, and workflows. These people have the capability to see all that is around them and direct the focus towards their objectives and goals.

9. Confidence

A successful entrepreneur never asks the question or keeps doubts in their mind about if they can succeed or if they are even worthy of success. They are normally confident enough that their knowledge and their know-how will help them make their business idea a success. And they radiate this confidence in everything that they do for the business.

10. Disciplined

Successful entrepreneurs always focus their energy on making the business work, and for eliminating the distractions or obstacles to their goals. Their overarching strategies help them to reach the goals they have while they outline the plan to achieve the final outcome. Moreover, entrepreneurs become successful as they are disciplined to always make new steps every day towards the accomplishment of their goals.

Other than these traits, every successful entrepreneur just wants to see what is at the top of the business mountain and they will pick up everything they get on the path while on their way up. But that is not where their determination ends.

As soon as they see it, they want to move ahead and see more. One of the most important things about successful entrepreneurs is that they know exactly how to talk to their employees. These are all the reasons why their business soars.

So, if you are about to embark on the journey to be an entrepreneur, have just entered the journey or have been in the journey but have not seen success, you need to adopt these traits and make them a part of you for gaining success.

The following are 10 Personal Entrepreneurial Competencies

- **Opportunity-seeking and initiative**
  Entrepreneurs seek opportunities and take the initiative to transform them into business situations.
- **Persistence**
  When most people tend to abandon an activity, successful entrepreneurs stick with it.
- **Commitment**
  Entrepreneurs keep their promises, no matter how great the personal sacrifice.
- **Demand for efficiency and quality**
  Entrepreneurs try to do something better, faster or cheaper.
- **Taking calculated risks**
  Taking calculated risks is one of the primary concepts in entrepreneurship.
- **Goal setting**
  This is the most important competency because none of the rest will function without it. Entrepreneurs set goals and objectives which are meaningful and challenging.
- **Information seeking**
  Entrepreneurs gather information about their clients, suppliers, technology and opportunities.
- **Systematic planning and monitoring**
  Systematic behaviour means acting in a logical way. Planning is deciding what to do. Monitoring means checking.
- **Persuasion and networking**
  Entrepreneurs influence other people to follow them or do something for them.

- **Independence and self-confidence**
  Entrepreneurs have a quiet self-assurance in their capability or potential to do something.

B. CREATING A BUSINESS PLAN

A compelling business plan is essential to every new and growing business.

It's the primary document that prospective investors use to evaluate the potential of a business, going hand in hand with a business pitch deck.

For a business plan, you need to organize a lot of information into a single, easy-to-read document. More than that, your business plan's design should be engaging, inspire confidence in your stakeholders and motivate them to back your company and its vision.
How to format your business plan
A typical business plan is an in-depth document and covers every facet of your business (present and future). Creating a traditional business plan makes sense when you have a clear growth plan for the next three to five years, are in need of major funding, or want to attract long-term partners.

A professional business plan typically has the following sections:

Cover page
Table of Contents
Executive summary
Company description
Market analysis
Organization and management
Service or product line
Marketing and sales
Funding request
Financial projections
An appendix
A business plan can span a dozen or more pages because it presents the big picture, as complete as possible, to reassure others to invest in you. Investment can mean a few different things – usually financial, but also as partners or employees.

The sections that can take a lot of research and add to the bulk of your business plan are your market analysis, marketing and sales plans, and financial projections.

These are the sections that demonstrate your business acumen, your long-term vision, and your accountability. Whereas, sections like the executive summary are meant to grab attention, inspire and get people excited about your business.

- **PROBLEM IDENTIFICATION & IDEA GENERATION**
  Every successfully implemented idea or product is a result of a long and painstakingly supervised innovation process.
  While principles and methods of idea development are universal for all industries, there is no strict rule regarding the steps from idea generation to implementation.

  Idea generation is a crucial process for businesses looking to innovate and gain competitive advantage. When you generate ideas with your workforce, ecosystem, customer and beyond – using idea management software – you'll collect invaluable insight to improve processes, create breakthrough products or services, disrupt markets and much more. So having a defined process to take these generated ideas and put them into action is a powerful necessity.

  Here is a list of 10 steps that follow the idea management process from idea generation to implementation.

  1 – Idea Selection

  So you've noticed a good idea. Whether you have received an email to an inbox, a notification in your idea management system, or have opened a note from a suggestion box, everyone shares the same starting point – idea selection.

  Just because someone has suggested an idea themselves, it does not mean that they are always the right person to see it through to completion. It is on you as an innovation leader to find a person with the right strengths, professional aspirations and experience to deliver this project in a meaningful way – innovation cannot be a secondary priority.

  At this point, you also want to make sure that the person chosen to lead this idea will have some form of resources available to start making it happen. If you cannot delegate preliminary resources at this stage, you're going to have major problems implementing this down the line.

  There is no obligation for your selected idea to be a fully-fledged business case. At this stage, an idea is understood to be a hypothesis and might well be altered or changed later.

  2 – Scrutiny of All Aspects

  Analytically evaluate all aspects of your potential opportunity like an investor. The larger the project, the more the idea's ROI will be scrutinized. Key aspects of your overall assessment are:

  The potential target audience you wish to reach
  The potential value this idea or product could represent for your business
  How much of a 'risk' does this represent (of course, what you define as a risk is up to you)

Market viability – does anyone actually want this?

3 – Feedback

Collect opinions from people aware of the market, competitors, business model and similar business experience. Their practical expertise, and that of target customers, will help predict the likelihood of idea success. The real test is when the product is launched, but this preliminary research gives a hint.

Build a wide range of opinions – as wide as you can. This is essentially what you did in step 2, but shared outwardly. Find your community – whether that be your stakeholders, your employees or your customers.

4 – Feedback Reaction

Make necessary changes to your product, strategy and business plan according to the feedback. Anticipate the needed capital to reach set targets. Design an implementation plan with the main objectives in the short term and who will execute them.

Just as important as receiving feedback is how you respond to it. At this stage it is important to understand the value of compromise over resilience. While a full-speed-ahead attitude is admirable, the nature of your idea at this stage is vulnerable to the biggest barriers to innovation – sign-off and funding.

At this stage, you will also need to start thinking about sourcing the capital required to turn this idea into reality, as you will most likely be asking for funding, or at the very least, resources.

It is vital at this stage to take the feedback in and adapt to meet requirements. What matters most is getting a minimum viable working product / project off the ground, even if it’s not the fully-scoped idea you had in mind; there is plenty of time to reiterate and grow from here.

5 – A Basic Version / Product

Rather than setting yourself the overly ambitious goal of creating a finished product straight away, focus on simplifying and getting a bare minimum offering out there first. It’s important to keep development open to change and feedback, and by holding back until something is ‘just right’ you ensure that you gain minimal ranges of opinion – and are far more likely to be caught out.

A bare minimum offering shows target customers what the product is or will eventually be. A good idea is to build the basic product as quickly as possible, and to make it inexpensive – you have to present a low barrier for entry.

What often gets misconstrued – in the tech space especially – is that getting a product to market isn’t at all about working fast, cutting corners and doing an overall rushed job. You don’t need to drive yourself into a crazy rush just to get your product finished and out there. On the other end of the scale and maybe equally as damaging – you mustn’t scale back your ambitions to tiny projects just to ensure you don’t spend too much time. Both of these result in a sub-standard offering. The key is to start with your minimum viable product (MVP), get that right and functional and then build from there.

6 – Hitting the Market

Get your product to market quickly and start examining customer reactions. While one manufacturer waits and refines their product to make it ideal for customers, a competitor sells successfully an acceptable similar product. But why force out an unfinished project? Many would react in shock being advised to release something that's not done. So, why does this matter?

It matters because right now, it is essentially still just you and your idea. Even with co-workers and even stakeholders involved, it is still entirely internal. You assume that people would be interested in your project, or buying your product, but you have nothing of any real weight until you test to find out. A minimum viable project isn't just a way to get a working example live so your market can start engaging, it's also a very good way to minimise risk.

If your project doesn't have the reaction from the market you've expected, here is where you can go back to the drawing board without losing a significant investment.

7 – Go for A Test Drive

Early testing of business experience factors such as pricing model, visual branding, messaging and customer experience can be done at this stage. This by no means is your final version, but keep in mind the promises you make in this stage as everything is still up for change. This is a dry-run for your business, where you can gauge real market response. It is entirely up to you how narrow or broad your test drive is.

This is also, even more so than the product itself, the perfect testing ground for marketing messaging, sales pitches, promotions and campaigns.

8 – Corrections and Improvements

This is quite possibly the most important stage of the ten. How you respond to feedback will determine how close your product will resonate with the market. Remember, you want criticisms and questions; if you get only positive responses back you've either created something perfect (nice! but…unlikely) or your audience just isn't the right one. In truth, this is also stage 11; you will want to continuously improve your offering, and there's no better way to do that than to listen to what your customers struggle with. If focused on a more digital deliverable, this is an incredibly useful QA stage of sorts to test User Experience (UX) and User Interface (UI).

Additionally, if your MVP's UI & UX are causing confusion, something needs to change here as your product is only going to get busier and more developed.

9 – Growth Planning

Updates on the product, business plan, marketing and financial strategies enable expansion. If it really proves to be a winning pitch, this is also a good time to gather resources and raise capital. This is where you truly start building for the future. Your idea is no doubt exploding with potential features, implementations or applications, and this is where you get to map out exactly what your idea's picture of success is, as well as the timeframe in which you wish to achieve these goals. As you're currently sitting at MVP status, you will want to evaluate exactly what is required to drive you forward. Key aspects to focus on in this stage are:

Roadmap of product updates
Overall business plan
Marketing strategy
Resources required
Capital required
Appropriate stretch goals

10 – Time to Expand
It might be the last point, but it isn't the end of your journey. Expansion should always be followed by corrections and improvements, followed again by expansion. It is a constant cycle of continuous, autonomous improvements that we call Everyday Innovation. With a proven business strategy, an ambitious expansion plan, engaged stakeholders already invested, a ready and responsive market and an outcome that will continue to grow and improve, your idea is set to take on the world.

This example of a success story would not be possible without the right idea management process in place. Since innovation plays a central role in every sustainable business strategy, many companies rely on innovation software to help them capture, evaluate and implement the brightest ideas.

Starting with Problems
If we know customers buy solutions to problems, it makes sense that any entrepreneurial journey should start from a problem, not a product.
When our students focus on solving problems instead of inventing products, the customers they approach will shift from being wary and rejecting to being curious and enthusiastic. Why? Because someone is finally listening to their problems and helping them do something about it.
That's when this problem-focused approach begins to produce empowering results:
While customers reject products, they will prepay for solutions to their problem.
It's not up to us as instructors to decide whether business ideas are good or bad. It's up to our students' customers and there's no better metric for our students to know they've found a good business idea than if their customers prepay, or sign a Letter of Intent, for it.
Of course, there's no better way for your students to collect prepayments and LOIs, than for them to convince their customers that they will solve their problems.

Teaching a Lifelong Skill
When we teach problem discovery skills, we teach our students how to make empathetic connections with their customers.

Knowing how to empathetically connect with others is a lifelong skill that will reap rewards throughout their personal and professional lives, like when they're:

Interviewing for jobs
Collaborating with co-workers
Connecting with their family
And of course, when they start their own company.
How to Teach "Problem Generation"
The first step to teaching problem generation is to help students brainstorm problems they are uniquely suited to solve.
Step 1
Invite your students to write down three customer segments they are members of. This can be just about any three groups of people they feel like they belong to.

Some great examples would be:

Skateboarders
Vegetarians
Only children
Step 2
Next, invite your students to write three "passion segments." Their passion segments will be groups of people, whom are different than their previous three segments, who they are genuinely excited to serve; people for whom they would like to solve problems.

As with Step 1, there are no right/wrong answers. Some examples would be:
Members of a specific religion
Crossfitters
Under-resourced youth
(Note: it's fine if they are members of their passion segments – in fact, that's ideal – they just can't duplicate any of their previous segments.)

Step 3
Of the six segments they've brainstormed, students should now pick their top three.

It doesn't matter whether they pick all three of their passion segments, all three of the segments they are members of, or a combination of the two. As long as they are excited about helping people in those three segments solve their problems, they're on the right track.

(Note: a nice consequence of this exercise is you're demonstrating creative brainstorming techniques to your students. By ideating on a number of different potential segments to serve, and then filtering/prioritizing that list of segments, you're modeling a creative thinking technique they can use in the future.)

Step 4
With their top 3 segments identified, invite your students to hypothesize three problems members of those segments might be trying to solve right now.

For example, if a student chooses skateboarders, the student might hypothesize their customers would express a problem like, "I am having trouble transporting my skateboard on public transit."

For Crossfitters, maybe they'd hypothesize a problem like, "I don't how do I make sure I'm getting the right mix of nutrients in my meals."

It doesn't matter if the problems the students hypothesize are realistic, the goal is simply to identify several problems the entrepreneurs are uniquely suited to validate. After completing this step, each student will have identified at least nine problems they are uniquely capable of validating, because they either:

Experience the problem themselves or
They are passionate about helping the people who are experiencing it.
Of these nine problems, they can pick the problem they are most excited to validate during your course. As a bonus, if that idea gets invalidated, you'll have helped them proactively come up with eight alternative/backup ideas they are excited to validate!

No matter which problems your students choose, their business ideas will be:

More feasible than typical student ideas because they're focusing on serving people they care about.
More impactful because they're paying more attention to problems than they are products.
More creative because they'll get to use those problems as inspiration (as opposed to relying on a "light-bulb moment"/divine intervention).

- **IDEA VALIDATION**
  Market validation is the process of determining whether your product is of interest to a given target market. Market validation involves a series of customer

interviews with people in your target market, and it almost always takes place before you've made a significant investment in your product/concept.
By simply engaging with real people and asking the right questions, you can confirm if your idea solves a problem, who your potential buyers are, and ultimately whether or not there's a market for your product.
5 STEPS TO DETERMINE MARKET VALIDATION
1. Write Down Goals, Assumptions, and Hypotheses

Writing down the goals of your business is the first step in market validation. The process of articulating your vision can illuminate any assumptions you have and provide an end goal.

Ask yourself:

What's the value of my product?
Who's the target audience, and what assumptions have I made about them?
What differentiates my product from existing ones?
What hypotheses do I have about my product, pricing, and business model?
Answering these questions can help you communicate the value and differentiating factors of your product, and illuminate assumptions and hypotheses you've made that are yet to be tested and verified.
2. Assess Market Size and Share

Before moving forward with your venture, estimate the size of your target market and the share of it you could potentially capture. By doing so, you can gauge your business's potential and justify its launch.

In the online course Entrepreneurship Essentials, Harvard Business School Professor William Sahlman uses mattress retailer Casper to illustrate this idea. In 2014, Casper's founders assessed the market size for their product by comparing its differentiating factors against the larger market. For Casper, these differentiating factors included its online business model, 100-day return window, and the viscoelastic foam material used in its mattresses.

Based on statistics for the mattress market at the time—including units sold per year, the percentage of the market owned by foam mattresses, and the number of mattress retailers that were e-commerce brands—Casper's founders narrowed down which segments they should target, and determined they could own a few percentage points of the total mattress market share.

Do this exercise for your target market. For products similar to yours, research sales data, the number and share of current manufacturers, and what percentage of the total market your segment holds. Determine where your product fits into the market and assess how much of it your business could own.

3. Research Search Volume of Related Terms

Another way to gauge the market validity of your business idea is to research the monthly search volume of terms related to your product or mission. When consumers need a product or service, they often use a search engine to see what the market has to offer.

You can use a host of resources to look up monthly search volumes, such as Moz. In the case of Casper, a related search term might be “foam mattress.” According to Moz, the term garners more than 11,500 monthly searches, indicating a demand for the product.

If there’s not a lot of search volume surrounding your product, use terms that express customer intent. For instance, if you design a mattress made from a new, extra supportive material, you could look up how many people search for “best mattress for lower back pain sufferers.” Moz data indicates that the query yields 240 monthly searches.

This type of search volume for a longer, specific query isn’t negligible. In fact, it can be used to bolster your hypothesis that there’s a need for your product.

4. Conduct Customer Validation Interviews

Conducting interviews with your target market segment can be an effective way to learn about your product’s potential. This initiative might include hiring a market research company to conduct focus groups, sending out an online survey, or simply requesting a conversation with someone.

Ask potential customers about their motivations, preferences, needs, and the products they currently use. Circle back to the list you created in the first step of the market validation process, and frame any assumptions or hypotheses you made as questions to your interviewees. Be open to the feedback you receive and record it for future use.The feedback may reflect that your product doesn’t have strong market validity, in which case, you can use it to improve your offering and repeat the market validation process.

5. Test Your Product or Service

Once you’ve determined there’s space for your product in the market, ensure you’re putting the most useful, intuitive version of it into the world. You can achieve this through alpha and beta testing.

Alpha testing is when internal employees test a product in a staged setting. The purpose of alpha testing is to eliminate any bugs, issues, or idiosyncrasies in the product before it’s available to outside users.
Beta testing is when a product is tested by a limited group of real, external users who are specifically told to identify problems. In the case of a software or app, beta testing might be open to the public with a notice letting users know the version they’re testing is unfinished.
Testing your product with real users can prove invaluable when assessing market validity. If there’s a need in the market, but your product is faulty, complex, or difficult to use, customers may opt for a competitor’s offering. The feedback you get from beta testers can help you better leverage and meet customer needs.

Other Ways of Idea Validation includes the following:

1. Write down your product concept.
Just the simple act of writing forces you to consider things you may have previously glossed over. I’m not talking about writing a “business plan.” (For startups, a business plan isn’t the best use of time and will change as soon as you start talking with prospective customers).
You can start with the questions below or use a tool such as the Business Model Canvas to guide your thinking.

Write down some basic assumptions that you can go out and test:

Who is your customer? If you say “everyone,” you are already setting yourself up for a tough time. Be sure to get specific. For example, if your customer is a business, answer: What kind of businesses? How big or small is the typical business? In a particular market? What is the title of the buyer?
What problems are you solving? Many entrepreneurs think about the product first — they fret about the features, launch the product, and then wonder why their product has trouble getting traction. My suggestion is to start with the problem first. What this means is being explicit about the problems your product solves. By writing down these problems, you can validate whether customers also see them as problems. And, more importantly, whether customers think they are problems worth solving.
How does your product solve those problems? Only after writing down the problem do you move to the product. From here, you tie the value of your product directly back to customer problems. How does solving their problems make their life better? Does it make them more money? Look better?

What are the key features of the product? The features need to be more than cool — they need to solve specific problems—the more quantitative (e.g., time saved, money made), the better. I encourage you to think Minimum Viable Product and limit the feature set as much as possible (you need to provide just enough value for some customers to buy).

2. Decide.

At Startup Weekend, 54 hours go quickly. The same concept holds for startups and new products in the real-world. Time and resources are scarce. There isn't time to agonize over details that, in the end, may not matter.

For that reason, lean market validation helps successful teams get just enough information and data to make decisions. And then they make them. In the end, you will never get to 100% certainty, and getting close will eat up an excessive amount of time.

3. Most of what you write down is assumptions.

This brings me to my third point: All the writing you do, the discussions (and debating) you have, are assumptions. Teams often take these discussions (and what's in their heads) as facts when they are simply assumptions that need to be tested.

We often see teams (at Startup Weekend and at startups) debate minor details, waste valuable time rather than make a guess (a temporary decision), and then get out into the real world to test whether it's the right idea. It's essential just to make a guess and get started because your assumptions may turn out to be wrong, and you'll have spent valuable time (not to mention the toll on team dynamics) debating something that didn't matter in the first place.

4. Find the truth by getting out to test your assumptions.

As soon as you've made some basic decisions, and written down your assumptions, get out to test them to see if they resonate with potential customers. Weencouraged Startup Weekend attendees to get out on the street and save valuable time by getting on the phone if the customer type warrants.

Lean market validation relies on customer interviews with potential buyers of your product. You can also test your assumptions by interviewing experts (for example, analysts for the industry, people who have been employed by the industry, consultants, etc.). There are also some great ways to test digital ideas with landing pages and inexpensive ads.

5. Start with your network.

We often asked how teams can easily find prospects to speak with. We recommend working with your own network and the networks of friends, mentors, investors, and others to reach potential customers.

The downside of interviewing people in your network is they are friendly to your cause. This means that you are introducing some potential bias into your learning. But my attitude is that some bias is better than not interviewing and getting closer to the truth.

6. Interview your customers.
When we mention interviewing, not talking about a cursory conversation (or worse, a survey). Start with a list of questions but deviate from the questions as you learn more information. Approach the conversation with a sense of curiosity about the customer's problem and needs, and you'll get some really valuable insight.

7. Ask, "Why?"
"Why?" is by far the most important question you can ask? With it, you can get closer to the truth from customers. Unfortunately, this question isn't used often enough — too many people ask a question and then take the answer at face value. It's a missed opportunity to understand motivation and validate what someone would really do.

The Five Whys is a great technique for getting to the underlying reason — the real reason — behind a customer's motivation.

8. Find the value proposition.
Encourage entrepreneurs to focus less on features and more on explaining the value proposition for their product. What does that mean? A value proposition is the expected gains that a customer would receive from using your product. Value can be quantitative, such as time saved or additional revenue earned. Measuring this is usually straightforward.

But value can also be qualitative, such as pain relief or lifestyle benefits your product provides. By thoroughly understanding and documenting this qualitative value through customer interviews, you can set your product apart from the competition.

For example, it could be time saved, more revenue, or maybe some social benefit (like looking good). Whatever it is, these value propositions are directly tied to the problems that you have previously discovered.

9. Liking your idea is not the same as buying your product.
Unfortunately, validating a product idea with prospective customers is subjective. There is no black and white answer. In fact, because people are generally nice and want to please you (especially the friendly university students at Startup Weekend), you need to be careful about accepting their answers at face value.

When someone tells you enthusiastically, “it sounds great,” or “that’s an interesting idea,” your first reaction should be to follow-up with “why?” It’s important to understand that someone liking your idea is not the same as buying the product. Your challenge during your lean market validation process eliminates as much of these “false positives” as much as possible.

10. Jump off the cliff and have fun!
My advice to the group (and all entrepreneurs) is to take a risk, jump off the cliff, and have fun with the lean market validation experience. It’s taking chances that are the hallmark of successful entrepreneurs, and using these techniques helps you get closer to success.

- **PITCH MAKING**

  Recently, the term “business pitch” has become as popular as the term “startup.” A pitch is essentially a business plan that one presents verbally to potential investors of a business. A shorter summary of the complete pitch is an elevator pitch. The startup owner has to clearly explain the business opportunity to the investors, so that they can make the most appropriate decision.

  Here are 10 necessary steps to create a winning pitch for your business.

  - ✓ **Time span**

  The pitch should be clearly explained to the investors in a short time. You should know that you only have a few minutes to sell your business idea. This is a do-or-die situation, which requires the utmost composure.

  - ✓ **Make your presentation realistic**

  Presenting a realistic picture of the future prospects of the business is preferred. You have been running the business with your own funds up until now, so you have had your share of successes and failures. Your projections must be based on those experiences and must sound absolutely realistic.

  - ✓ **Savings attitude**

  One of the most important qualities of a startup founder is financial control. Having an understanding of where each and every penny is being spent in the business will add to your brownie points. You have to make the investors know that you have a grip on the business and its operations. They should feel that you are a dependable leader and are passionate about your vision.

  - ✓ **The business opportunity**

  The most important aspect of pitching for your business is to highlight the business opportunity and how are you going to tap it. Your business is out there to fill gaps, but it is the size of the market and its affinity to the product that will fetch you the investor’s trust. Highlighting the opportunities and challenges would help you put forth your arguments more assertively.

  - ✓ **Understanding of the competition**

Understanding the competition is important for every business owner, which must be showcased while presenting the business pitch. An in-depth competition analysis must be presented and you must highlight how your product stands out and has better future prospects, as compared to others.

- ✓ **Marketing strategy**

Knowing your marketing plan is another very important aspect of pitching your business. Your goal is to build a market for your products and services. The strategy has to be clearly explained to the investors, so they know how are you going to position the product in the market.

- ✓ **Target audience**

Being focused about your business and knowing who exactly you wish to sell to is important for the business. This lets you earn the investors' confidence so they know that you are going to reach out to a tangible audience and achieve the desired profitability.

- ✓ **Focus**

The more focused your approach, the higher your chances will be of getting the desired amount of funding. In your pitch, you need to communicate the precise plan of action, and how you will use it to achieve the desired results. You also need to be specific about the amount of funding you require.

- ✓ **Create a multi-level pitch**

A multi-level pitch helps you divide the pitch into shorter and longer versions. The shorter versions help in explaining the basics. The longer version helps to explain the details and how the plan is going to be executed.

- ✓ **Get your team to participate**

A business leader must always take his or her team along with them. This adds to the confidence of the audience. You should encourage team members to participate in the pitch process by planning out the speaking slots for them. A strong team showcases the ability of the business to grow and provide the desired return to the investors.
