



EDP101 ENTREPRENEURSHIP

COURSEPACK FOR FACILITATORS

July 2018
(Revised in July 2020)

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About the course pack

This course pack is developed to help facilitators facilitating EDP101 in the constituent colleges of Royal University of Bhutan. Subject matter and its depth for the topics in the module descriptor is highlighted by this course material, though not exhaustive. Unless otherwise mentioned, the subject content/activity was adapted from Microsoft' Build Your Business Programme, CEFE NET Sri Lanka German Program- MoLHR, Bhutan, and Entrepreneurship Development Institute's (India) ITEC entrepreneurship programme.

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Unit 1-Introduction to Entrepreneurship

1.1 Introduction

This unit aims to develop basic understanding of entrepreneur, entrepreneurship, entrepreneurial functions and methods, and Bhutanese entrepreneurship ecosystem.

1.2 Learning Outcomes

By the end of this unit, the learners will be able to:

- Explain the meaning of entrepreneur and entrepreneurship.
- Describe different types of entrepreneurs.
- Exhibit understanding of entrepreneurial functions and methods.
- Elucidate the Bhutanese entrepreneurship ecosystem.
- Explain the role of entrepreneurship in Bhutan.

1.3 Subject Matter

1.3.1 Definition and concept of entrepreneurship

Facilitators can introduce the concept using different definitions related to entrepreneurship and entrepreneur from the literatures as well as policies of relevance to Bhutan. Some of the definitions are:

Entrepreneurship is defined as an activity that involves the discovery, evaluation and exploitation of opportunities to introduce new goods and services, ways of organizing, markets, processes and

raw materials through organizing efforts that previously had not existed (Venkataraman, 1997; Shane and Venkataraman, 2000).

Timmons (1999) defines entrepreneurship as a way of thinking, reasoning, and acting that is opportunity obsessed, holistic in approach, and leadership balanced for the purpose of value creation and capture.

Entrepreneurships is pursuit of opportunities beyond resources controlled (Stevenson, 1983,1985,1990).

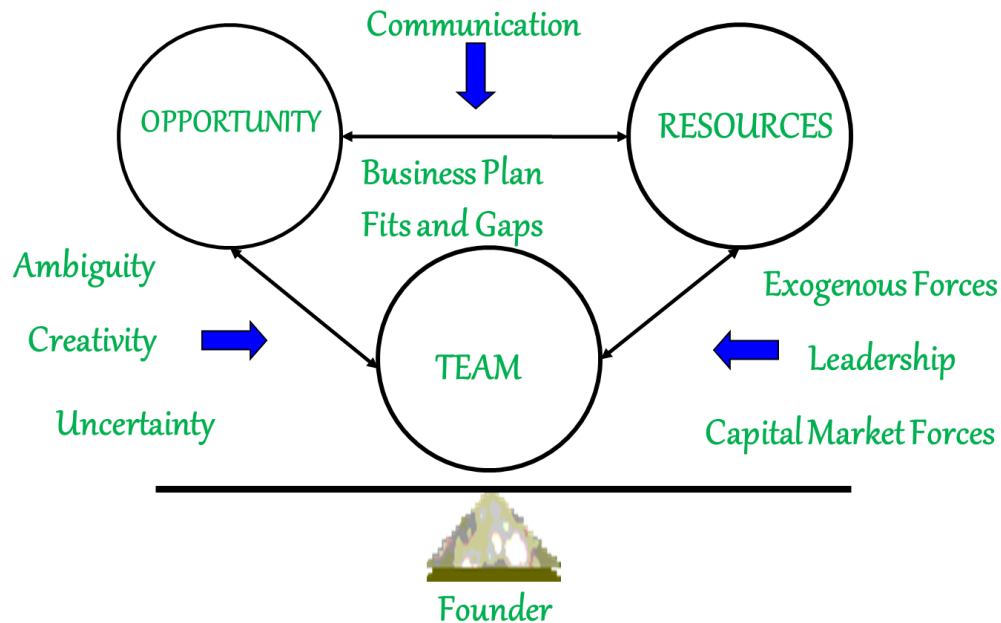
Kuratko and Rao (2012) defines entrepreneurship as a dynamic process of vision, change and creation that requires an application of energy and passion towards creation and implementation of new ideas and creative solutions. The process of innovation and new venture creation accomplished through four major dimensions: Individual, organizational, environmental and process aided by collaborative networks in government, education, and institutions.

While different authors define entrepreneurship differently depending the context, most the definitions focus on ‘entrepreneurship as a mindset and process’. Facilitators may like a to focus on these core ideas.

Entrepreneurship as a Mindset:

- Continuous pursuit of opportunities
- Taking risk beyond security
- Having tenacity to push ideas through to reality

Entrepreneurship as a process: tutors may like to use Timmons (1999) model of the entrepreneurial process.



The Entrepreneurial Process (Timmons,1999)

1.3.2 Types of Entrepreneur

An entrepreneur is a person who takes the risk of setting up his/ her own venture for perceived rewards. He/she initiates the idea, formulates a plan, organizes resources and puts the plan into action to achieve his/her goal. Schumpeter (1961) defines an entrepreneur as a dynamic agent of change, a catalyst who transforms increasingly physical, natural, and human resources into corresponding production possibilities.

Generally, entrepreneurs are classified in ten types, namely: 1. The innovator 2. The hustler 3. The imitator 4. The researcher 5. The Money magnet 6. The prodigy 7. Short-Termers 8. The Rebel 9. The Solopreneur and 10. The Buyers.

Entrepreneurs are also categorized into different types based on different classification schemes:

- a. Entrepreneurs are classified into three types based on personal traits- Serial Entrepreneur, Social Entrepreneur, and Lifestyle Entrepreneur.

- b. Based on types of business, entrepreneurs are classified as: 1. Business Entrepreneur 2. Trading Entrepreneur 3. Industrial Entrepreneur 4. Corporate Entrepreneur 5. Agriculture Entrepreneur.
- c. On the basis Technology use, entrepreneurs are categorized as: 1. Technical Entrepreneur 2. Non-Technical Entrepreneur 3. Professional Entrepreneurs.
- d. According to entrepreneurial motivation, entrepreneurs are classified as 1. Pure Entrepreneur 2. Induced Entrepreneur 3. motivated entrepreneur and 4. Spontaneous Entrepreneurs
- e. Based on stages of developments, entrepreneurs are classified as 1. First generation entrepreneurs 2. Modern Entrepreneurs 3. Classical Entrepreneurs.

1.3.3 Characteristics of Entrepreneur

Activity:

Facilitators may like to screen the movie ‘Steve Jobs’ produced by Legendary Pictures or ‘Made in Bhutan’ developed by Loden Foundation in the class or ask students to watch the movie as part of home assignment. The contents of either of these movies can be related to entrepreneurial characteristics. Facilitators may also show motivational video titled ‘Dreams’ by Mateusz (<https://www.youtube.com/watch?v=g-jwWYX7Jlo>).

Entrepreneurs have specific qualities; they have special strengths, which they draw upon for their adventure into business. If you want to start and succeed in your enterprise, you are required to play different roles at different stages of your enterprise. Some of the essential qualities, entrepreneurs must possess are briefly described below:

i. Vision

Entrepreneurs know where they want to go. They have a clear vision of what their firms can be.

ii. A strong desire to be a winner (NEED TO ACHIEVE)

Most people dream of success and achievement, but do not take any action towards achieving these dreams. People with entrepreneurial bent of mind, on the other hand, have a strong desire to achieve a higher goal and make their dreams come true. For them winning is achievement.

iii. A quality of stick-to-it (PERSEVERANCE)

Once committed to a goal and a course of action, entrepreneurs become absorbed in it. Difficulties and problems that beset any project do not deter them; they work hard until the whole project is successfully accomplished.

iv. Moderate and calculated risk-taking

Entrepreneurs are not high risk-takers. They are not gamblers. They choose a moderate risk rather than play wild speculative gamble. They love a moderate risk situation, high enough to be exiting, but with a reasonable chance to win.

**v. Alertness to opportunities - Seizing and converting them to your advantage
(ABILITY TO FIND AND EXPLORE OPPORTUNITIES)**

Entrepreneurial persons are quick to see and seize opportunities. They show an innovative turn of mind and convert difficulties into opportunities. But they are realistic too. They plan and anticipate carefully how to achieve their goals in realizing an opportunity.

vi. Analytical Ability

If an entrepreneur has analytical ability, he can effectively analyze situations, problems and difficulties and identify right solutions them and this makes the running and management of the enterprise smooth and successful.

vii. Using Feedback

Entrepreneurs like to have immediate feedback of their performance. They like prompt and accurate data and it does not make any difference whether the information they get is favorable. In fact, they are stimulated by unfavorable news to pour more energy into attaining their objectives.

viii. Agility

Entrepreneurs possess the ability think quickly and respond to changes in the entrepreneurship ecosystem.

ix. Financially Prudent

Entrepreneurs are versatile in financial management and possess financial discipline ensuring effectiveness and efficiency in managing resources.

x. Hope for success

Achievement oriented people tend to be optimistic even in unfamiliar situations. The odds may not be clear, but the circumstances may be appealing. Entrepreneurial persons in such situations see no reason why they cannot win through their abilities. They go ahead undeterred, sometimes even without guidelines and frequently make the best of whatever opportunities there are. As they begin to understand their environment, they begin to calculate their chances very closely. Thus, paradoxically they present a picture of boldness

in the face of the unknown and prudence in the face of the familiar. They usually win by applying their special insight and skill.

xi. Independence

It is found that most entrepreneurs start off on their own because they do not like to work for other people. They like to be their own masters and want to be responsible for their own decisions.

xii. Systematic Planning

Most successful people tend to set a goal for themselves and make systematic plans to achieve that goal within a certain time limit.

xiii. Coping with Stress

As a central figure in your enterprise, you will have to cope with many situations at the same time and make right decisions, which may involve a lot of physical and emotional stress. All this can be done if you have the capacity to work long hours and keep cool under a lot of tension.

xiv. Positive self-Concept

An achiever directs his fantasies towards the accomplishment of worthwhile goals and sets standards of excellence in what he is doing. This is based upon the awareness of his strength and weaknesses. He uses positive knowledge to support his thinking. He is rarely negative.

These are some of the characteristics of entrepreneurs. Facilitators may use the work of T.V.Rao and T.K. Moulik (1979), Identification and selection of entrepreneurs; which details 20 entrepreneurial characteristics. Also, John. A. Hornaday (1982) listed 42 characteristics attributed to entrepreneurs in his work 'Research about entrepreneurs' in Encyclopedia of Entrepreneurship.

1.3.4 Entrepreneurial Functions

Setting Tone: Vision

The most important function of any entrepreneur is to set vision for the firm.

Risk Taking

Risk is inevitable part of every business. Therefore, taking moderate or calculated risk becomes essential function of entrepreneurs.

Resource Mobilization

The mobilization of key resources such as finance, skills, network and partners, etc., is another important function of entrepreneur.



Enterprise Establishment & Management

Fulfilling the legal and regulatory requirements such as registration, licensing, certification, etc., becomes tiring and time consuming. However, entrepreneurs must be persistent in establishing the enterprise and manage it.

Innovation

The market dynamics change constantly. Innovation is the only key to remain relevant in the market.

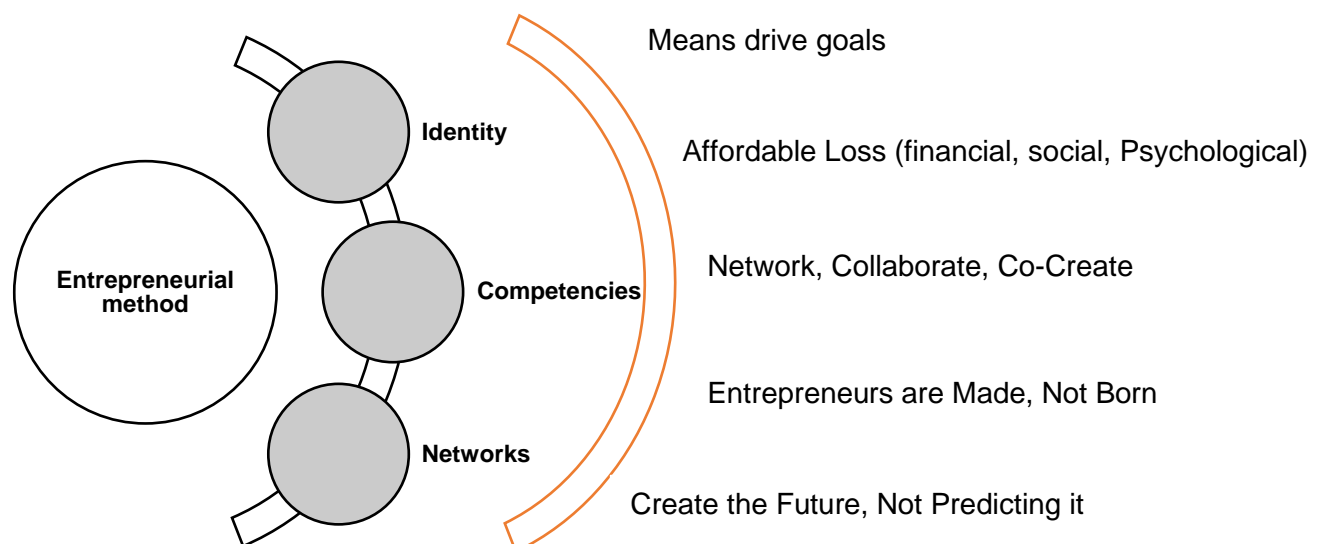
Growth & Development

Growth and Development of the enterprise is something which ever entrepreneur aspires to achieve for their enterprise.

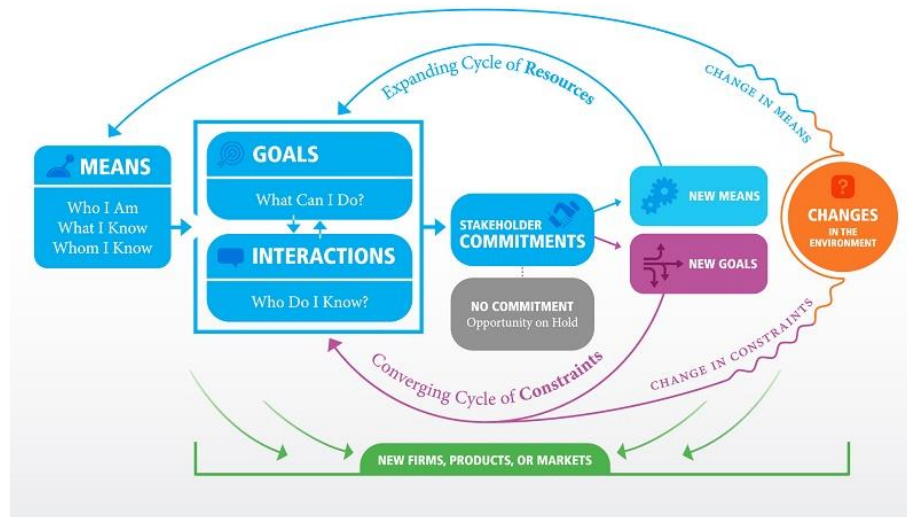
1.3.5 Entrepreneurial Method

Entrepreneurial Method is distinct from the managerial method. While managers depend on goals, entrepreneurs depend on means. Managers gather resources needed and work but the entrepreneurs work with mostly what they have: their identity, competencies and networks.

Facilitators may like to educate learners on entrepreneurial method using the video on ‘The Ten Myths of Entrepreneurship’ developed by HSG, University of St. Gallen (available at <https://www.youtube.com/watch?v=G8gRkJ9cnzo>). Upon viewing the video, facilitator can facilitate discussion on how entrepreneurial method is distinct as compared to managerial method.

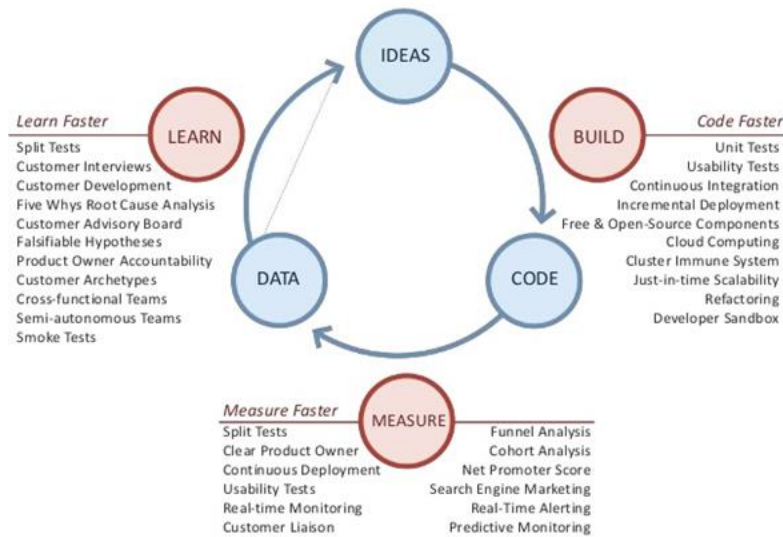


Entrepreneurial method is grounded in the belief that future outcomes are uncertain and therefore need not be predicted since they can be constructed through collaborative. Sarasvathy (2008) terms this as Effectuation. The entrepreneurial method can be explained with the effectuation process.



Society for Effectual Action (2018). The effectuation Process. (http://www.effectuation.org/?page_id=4055&principle=effectual-cycle)

Also, tutors can use 'Build-Measure-Learn Feedback Loop' developed by Eric Ries to facilitated the entrepreneurial method.



Source: Ries (2009).

1.3.6 Bhutanese Entrepreneurship Ecosystem

Biologically the term ‘ecosystem’ can be expressed as a system in which living organisms interact with their physical environment. Similarly, entrepreneurial ecosystem concept accentuates that entrepreneurial activities happening in a community of interdependent players.

World Economic Forum (2013) stated eight essential pillars of entrepreneurship ecosystem, and various components of every pillar. Table below illustrates the pillars and components of each pillar.

Pillars	Components
Accessible markets	Domestic market: large/medium/small companies as customers and governments as customer
	Foreign market: large/medium/small companies as customers and governments as customer

Human capital/workforce	Management talent, technical talent, entrepreneurial company experience, outsourcing availability and access to immigrant workforce
Funding & finance	Friends and family, angel investors, private equity, venture capital and access to debt
Support system/mentors	Mentors/advisors, professional services, incubators/accelerators and networks of entrepreneurial peers
Government & regulatory framework	Ease of starting a business, tax incentives, business-friendly legislation/policies, access to basic infrastructure, access to telecommunications/broadband and access to transport
Education & training	Available workforce with pre-university education, available workforce with university education and those with entrepreneurship-specific training
Major university as catalyst	Promoting a culture of respect for entrepreneurship, playing a key role in idea-formation for new companies and playing a key role in providing graduates to new companies
Cultural support	Tolerance for risk and failure, preference for self-employment, success stories/role models, research culture, positive image of entrepreneurship and celebration of innovation

Further, World Economic Forum published the Entrepreneurship Ecosystem Heat Map by Country as depicted below.

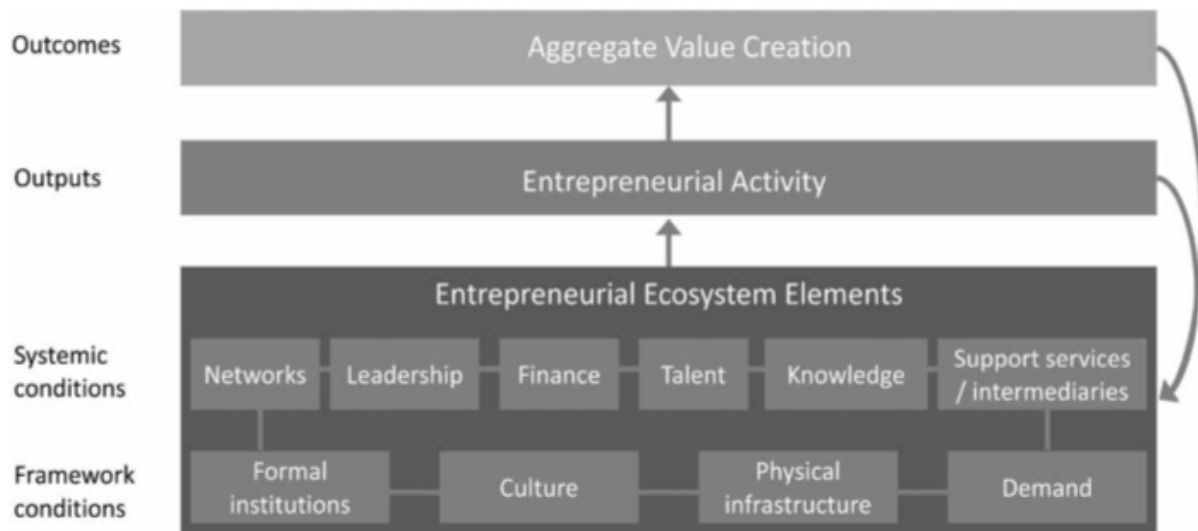
Pillar	US - Bay Area	US - Other Cities	United States	United Kingdom	Switzerland	Ireland	Spain	Singapore	Pakistan	India	Australia	Mexico
Accessible Markets	92%	83%	86%	82%	89%	79%	67%	70%	78%	72%	71%	52%
Human Capital Workforce	93%	87%	90%	79%	67%	74%	90%	50%	92%	72%	79%	65%
Funding and Finance	91%	76%	82%	68%	61%	53%	43%	65%	22%	44%	67%	52%
Mentors/Advisers/Support Systems	91%	72%	79%	68%	56%	53%	29%	40%	58%	28%	54%	48%
Regulatory Framework/Infrastructure	67%	57%	61%	57%	61%	63%	48%	80%	31%	28%	54%	52%
Education and Training	80%	62%	70%	61%	61%	37%	62%	40%	39%	22%	33%	30%
Major Universities as Catalysts	88%	67%	75%	68%	67%	37%	38%	65%	22%	11%	38%	35%
Cultural Support	90%	64%	75%	50%	39%	42%	24%	40%	25%	17%	29%	22%
Average Score	86%	71%	77%	67%	63%	55%	50%	56%	46%	37%	53%	45%

Heat Map Key

- Highest % of Respondents
- Approximately Half % of Respondents
- Lowest % of Respondents

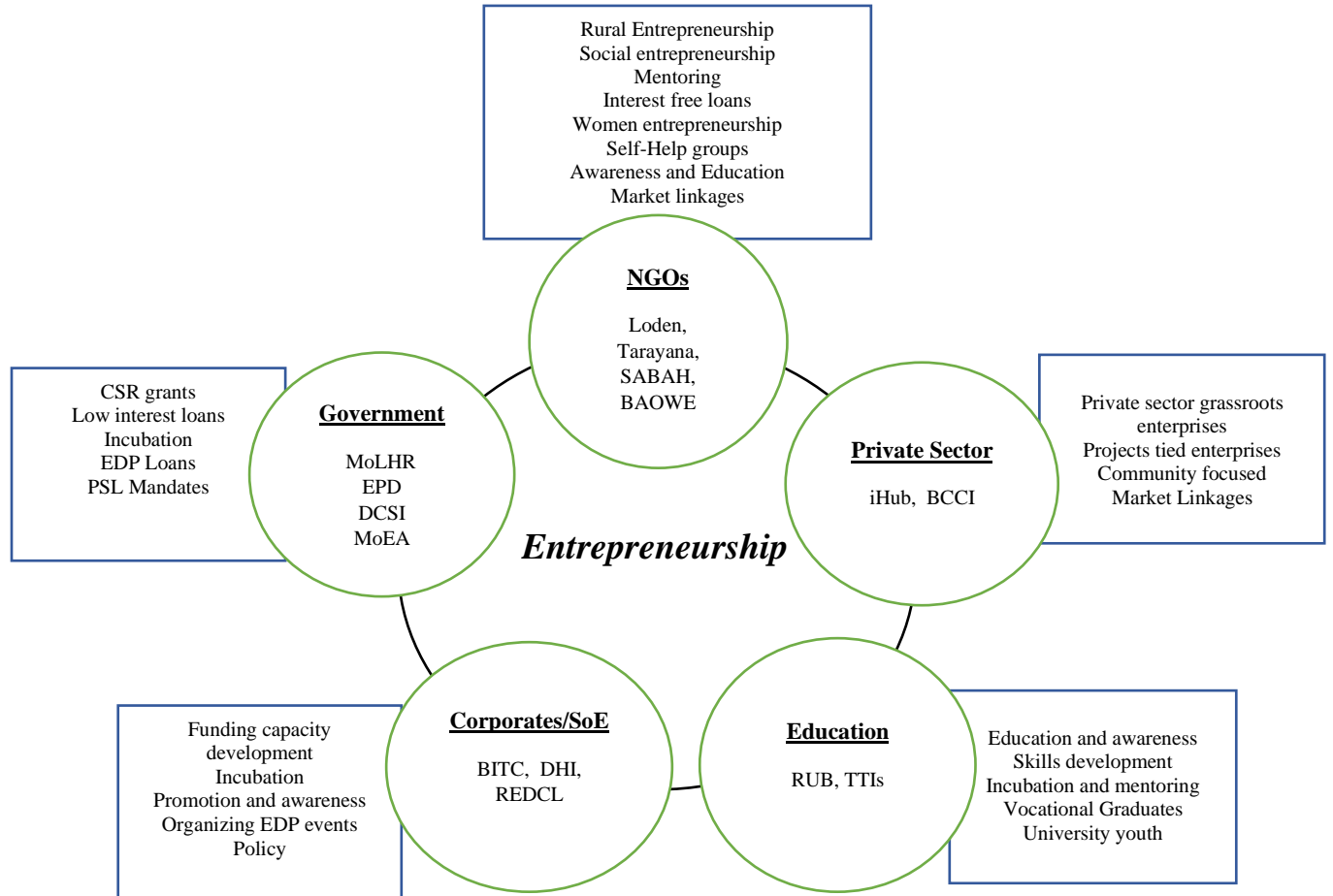
Source: World Economic Forum (2013) Entrepreneurial Ecosystems Around the Globe and Company Growth Dynamics.

Stam, E. (2015) described the key elements, outputs, and outcomes of entrepreneurship ecosystem. It provides more causal depth with four layers (framework conditions, systemic conditions, outputs and outcomes), including the upward and downward causation, and intra-layer causal relations. Upward causation reveals how the fundamental causes of new value creation are mediated by intermediate causes, while downward causation shows how outcomes and outputs of the system over time also feed back into the system conditions. Intra-layer causal relations refer to the interaction of the different elements within the ecosystem, and how the different outputs and outcomes of the ecosystem might interact.



Source: Stam, E. (2015) Entrepreneurial Ecosystems and Regional Policy: A Sympathetic Critique.

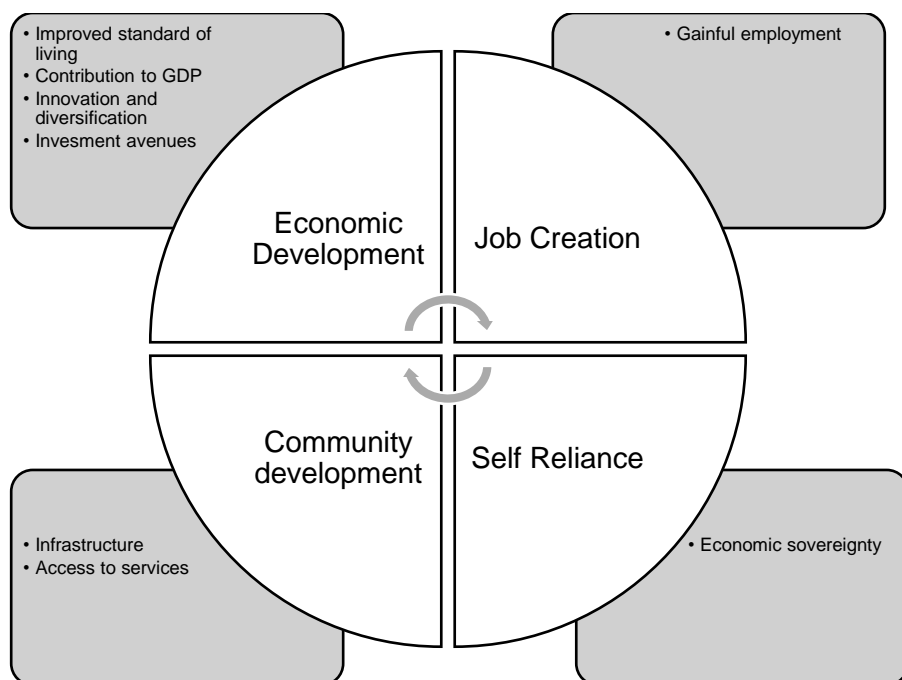
In light of understanding of entrepreneurship ecosystem developed by literature above, an analysis of entrepreneurship ecosystem in Bhutan is necessary. The Global Competitiveness Report 2017-2018 ranks Bhutan as 82nd out of 140 countries on the Global Competitiveness Index Ratings. Similarly, the Ease of Doing Business Ranking ranks Bhutan 75th of 190 countries. The current situation of entrepreneurship ecosystem in Bhutan shows that the entrepreneurship development in the country is at a nascent stage. Though the government intent and political will to accelerate entrepreneurship is evident, there is need to enhance conditions that enable entrepreneurial activities in the country. Mapping the roles played by key stakeholders in driving entrepreneurial activities shows that most of the key players in the entrepreneurship ecosystem is very focused in their own mandates. Although focused approach could be highly impactful to their target beneficiaries, it has led to isolated initiatives. Therefore, an integrated, inclusive and collaborative approach is extremely desired for building a robust entrepreneurship ecosystem. The existing ecosystem is found to be lacking many other aspects of vibrant entrepreneurship ecosystem such as national level strategic plan and policy for entrepreneurship promotion, creation of culture for fostering innovation and entrepreneurship, collaboration and network amongst key players, institutionalization of investors, recognition and engagement of mentoring partners, facilitation of marketing activities, building essential human capital and skills, and establishment of important infrastructures.



Key Players in the Bhutanese entrepreneurship ecosystem

1.3.7 Role of Entrepreneurship in Bhutan

Entrepreneurship considered as engine of economic growth of a nation. It enables creation of meaningful employment, generates income for people, help develop the communities, bring in balanced regional development and contribute to ensuring economic sovereignty. Entrepreneurship generally accelerates social and economic growth.



Facilitators may use Bhutan 2020, Economic Development Policy 2016, 12th Five Year Plan and Bhutanese Entrepreneurship Ecosystem to discuss the role of entrepreneurship in Nation Building.

1.4 Teaching Learning Methods

Participatory learning approaches such as interactive lectures and group discussions would be suitable for facilitating the content of this unit. Group discussions would be specifically useful in enabling learners to participate and share their views during the activities such as screening of videos/review of video contents related to entrepreneurial characteristics and entrepreneurial methods. Alternatively, observation Study/Interview of local entrepreneurs/business would enable to learn the real aspects of business. Guest lectures by local entrepreneurs are also highly impactful.

1.5 Assessment

a. Case writing

Each student will be required to write a case about an entrepreneur and the enterprise in the locality (maximum 1200 words). The case must document the entrepreneurial journey from idea to starting business to challenges, opportunities and way forward. The students must produce documentary evidence such as interview recording, minutes, and images to support their work.

Criteria:

- 3% organization of ideas
- 5% content
- 2% evidence and validity

b. Case analysis

Each student will be required to analyze a case and write a case analysis report of maximum 1200 words.

Criteria:

- 2% organization of ideas
- 6% analysis (identification of issues, analysis of decision alternatives, recommendations/suggestions)
- 2% referencing

c. Documentary (Movie) Analysis

d. Group Discussion

References

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Unit 2: The Entrepreneurial Mindset and Competencies

2.1 Introduction

This unit introduces learners to entrepreneurial thinking, problem solving process and grassroots innovations, and enables students to evaluate their entrepreneurial competencies.

2.2 Learning Outcomes

By the end of this unit, learners will be able to:

- Explain how entrepreneurs think differently
- Use problem solving techniques
- Assess the need for grassroots innovations using problem solving techniques
- Evaluate their entrepreneurial competencies

2.3 Subject Matter

2.3.1 Entrepreneurial Thinking

Entrepreneurs are efficient situation driven thinkers and they are known for out of the box thinking. Literature shows four major thinking approaches that entrepreneurs adopt depending on the environment.

a. Engage in Bricolage

Entrepreneurs overcome scarcities of resources (such as Money, People, Process, Assets etc.). Entrepreneurs use the resource scarcity challenge as a means to generate opportunities, which Baker and Nelson (2005) calls it as Bricolage. Bricolage is generating new opportunities or innovative solutions with the existing resources available in hand to solve existing problems.

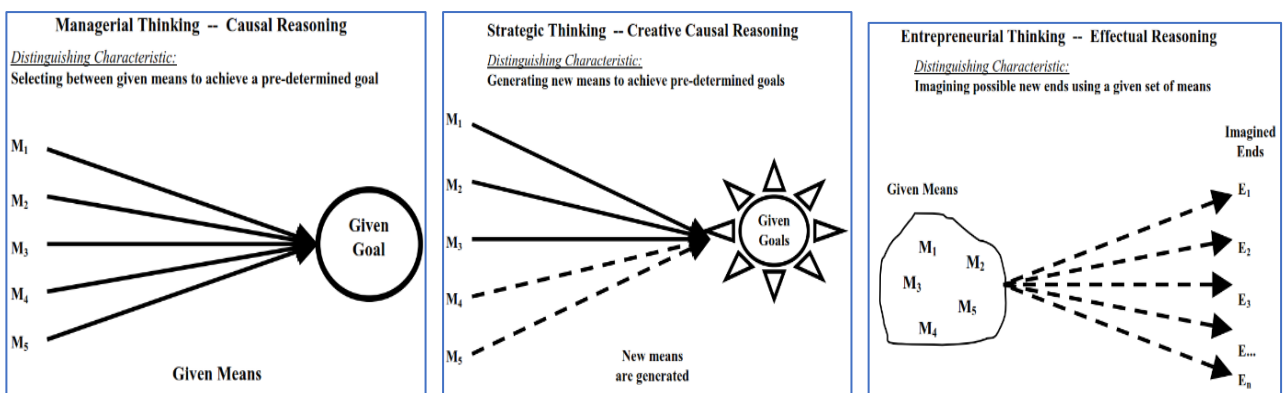
b. Thinking Structurally

Entrepreneurs relate cause and consequences of different situations and adopt systemic thinking approach to generate innovative ideas/opportunities/solutions. Entrepreneurs either draw superficial similarities or structural similarities.

- i. Superficial similarities: Basic elements of the technology resemble the basic elements of the market
- ii. Structural similarities: Underlying mechanisms of the technology resemble the underlying mechanisms of the market

c. Effectuation/Effectual Reasoning

Effectuation is a causal process that starts with a desired outcome and focuses on means to generate the outcome. The effectuation process starts with what one has, who they are, what they know, and selects amongst the most possible outcomes. The focus is on using a set of evolving means to achieve new and different goals. Effectuation evokes creative and transformative tactics (Society for Effectual Action (Online), http://www.effectuation.org/?page_id=207). Sarasvathy, distinguishes entrepreneurial thinking as effectual reasoning as compared on managerial thinking which is causal reasoning.



d. Cognitive adaptability

Cognitive adaptability describes the extent to which entrepreneurs are dynamic, flexible, self-regulating, and engaged in the process of generating multiple decision frameworks focused on sensing and processing changes in their environments and then acting on them (Hisrich, Manimala, Peters and Shepherd, 2014; p.18). Cognitive adaptability is reflected in entrepreneur's metacognitive awareness.

Facilitators may like to enumerate "Mike Haynie's Measure of Adaptive Cognition" amongst learners to ascertain level metacognitive awareness and indicate higher levels metacognitive awareness as entrepreneurial thinking trait.

2.3.2 Problem Solving Techniques

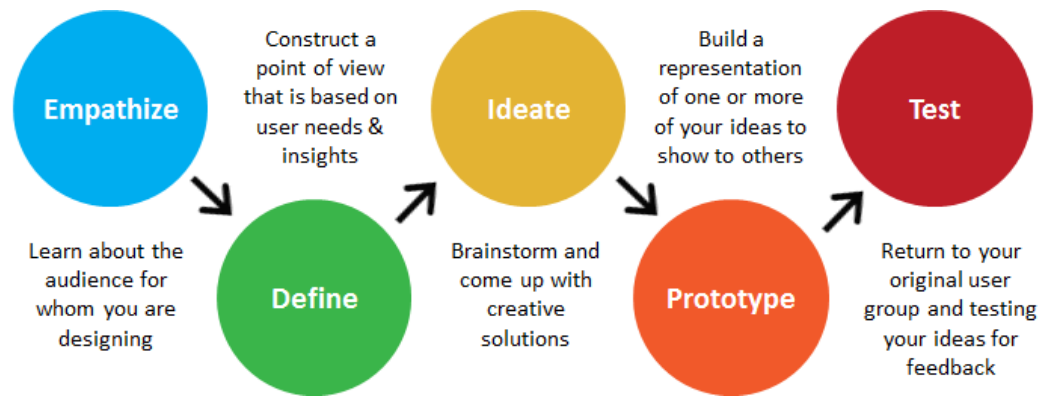
There are many problem-solving approaches adopted by entrepreneurs in identifying new opportunities and developing innovative solutions. Of the many, four popular approaches adopted by entrepreneurs are explained here.

a. Design Thinking

Developed by Tim Brown, Design Thinking is a discipline that uses designer's sensibility and methods to match people's needs with what is technologically feasible and what a viable business can convert into customer value and market opportunity (Brown,2008). Design thinking is described as a human centric approach to innovation. Adopting a designer's toolkit, design thinking process has been used as one of the problem-solving techniques.

The Design thinking process starts with Empathy (Empathize). Since design thinking is a human centric process, empathy is the centerpiece, because problems that you are trying to solve are rarely your own. It is for a specific group of people, and empathy is essential to

gain empathy for who they are and what is meaningful to them. To empathize, it is important to observe, engage, watch and listen.



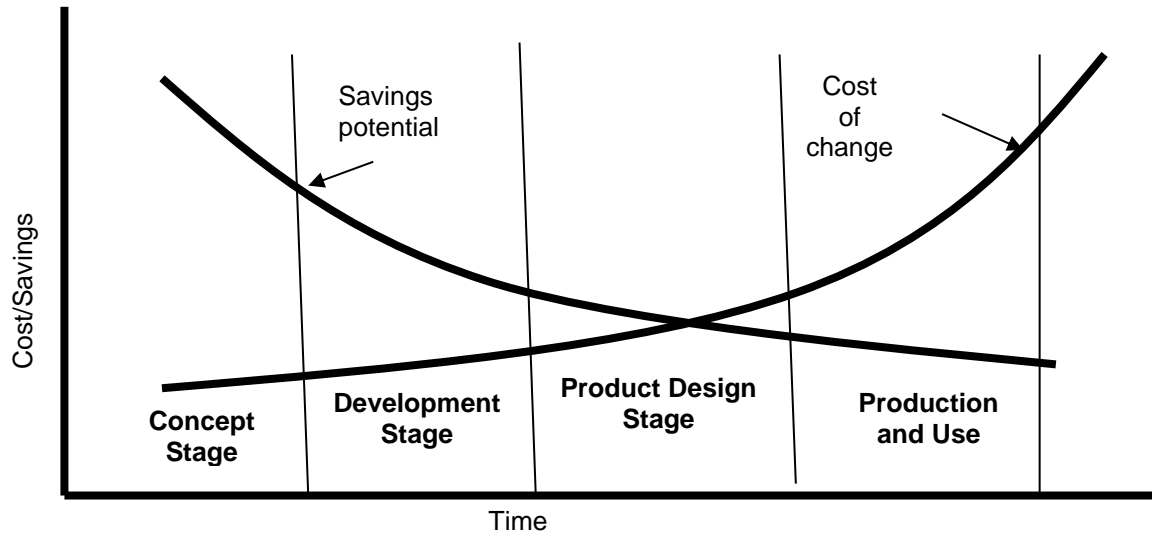
Having observed, engaged, listened and learnt, one must Define an actionable and meaningful problem statement. A problem statement is a point of view that will guide problem solving process. Ideation is the process of idea generation, transforming problems into prospective solutions. Prototype is a representation of one of more ideas, shown to others towards reaching a possible solution. Testing is opportunity to learn about the solution that is developed for the user.

Activity:

Facilitators may like to do a classroom activity related to ‘customer journey map’ and ask students to a poster presentation.

b. Value Engineering

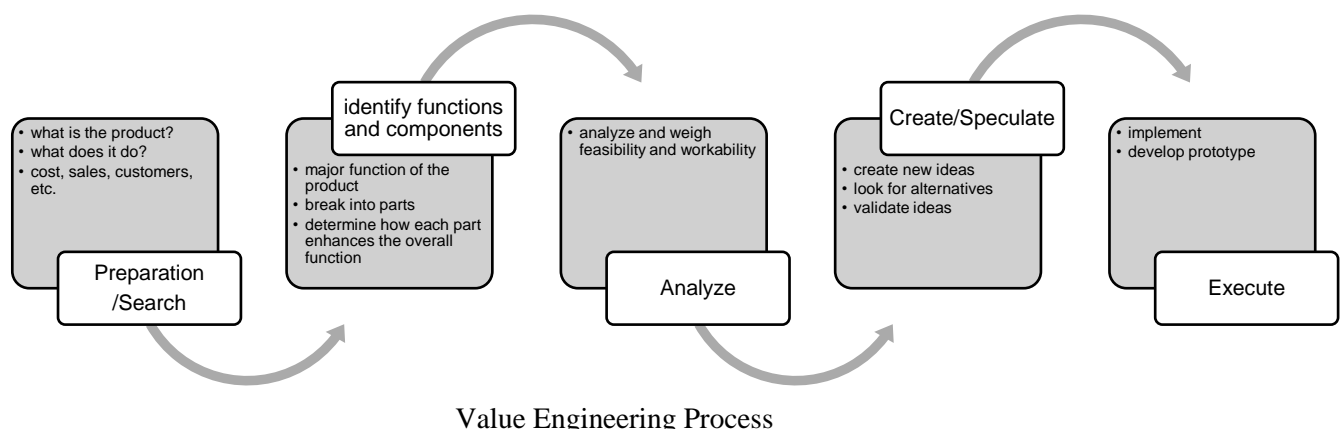
Value Engineering (Analysis) is a systematic problem-solving method which focuses on essential functions, not systems and procedures. It is often conducted by transdisciplinary team to analyze value of a product, process, or service.



Research suggests that value engineering, if done earlier, the better it is, with evidences indicating that the returns are 1:5.

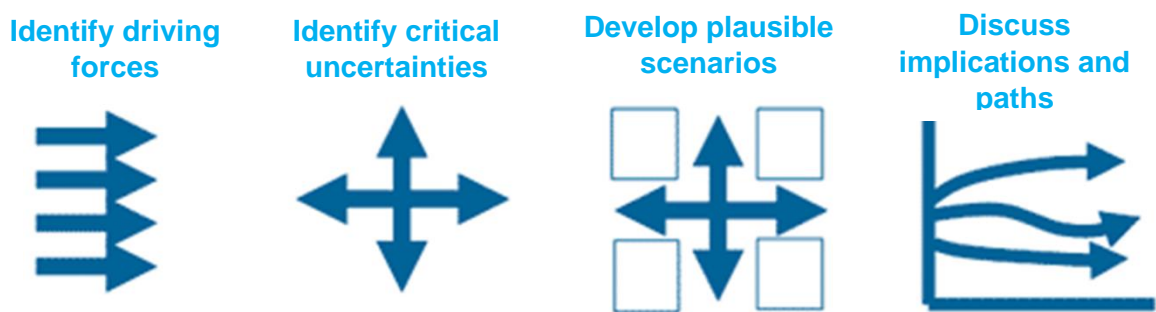
Value engineering enables firms to save cost in early stages of venture as well as mitigate cost of the change or product transitioning.

Value engineering process involves five stage process starting from gathering data about the product/services. The functions of the products/services/ are then identified and analyzed leading to creation of new/alternative solutions, which then can be implemented or developed into a new prototype.



c. Scenario Analysis

Scenario analysis is based on expected different possible future scenarios relevant for a firm. In the process of scenario development, new or innovative solutions could emerge. To analyze a scenario, define a focal issue, or problem or a decision and a relevant time frame. Then review past events and its alternative interpretations.



Scenario Development Process

Scenario development process allows a person to identify the driving forces behind an issue/problem/decision, then identify critical uncertainties, develop plausible scenarios and its implications.

d. Cause-Effect Analysis

Another commonly used problem-solving method is the Cause-Effect Analysis. It's a simple analysis technique asking series of 'Why's in sequence when confronted with confronted with a problem.

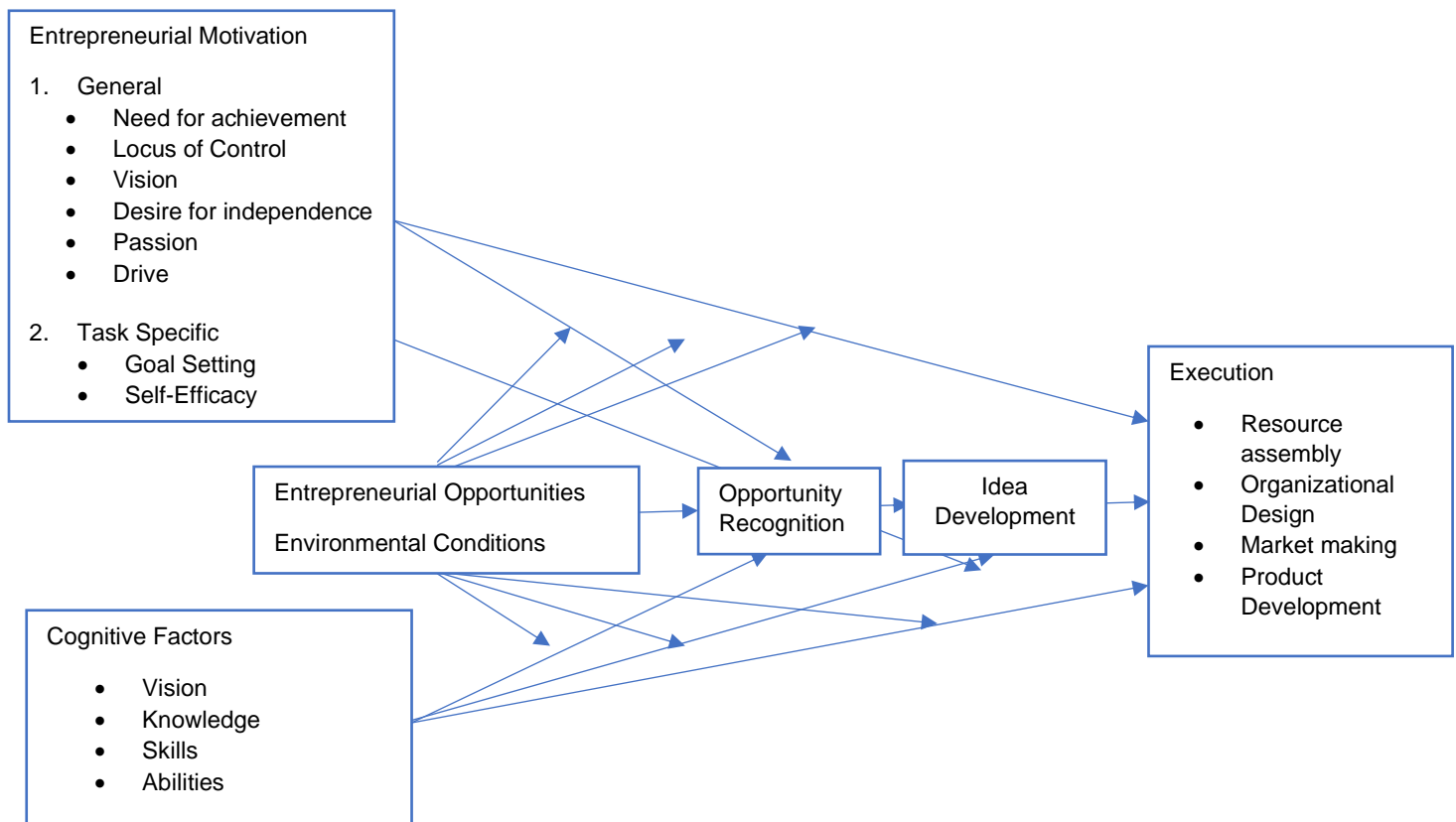
2.3.3 Grassroots Innovations

Entrepreneurial thinking and problem solving in Bhutanese context must lead to grassroots innovations. "Grassroots innovations are innovative product or process created at the bottom of the pyramid, usually due to necessity, hardship and challenges" (Hilmi,2012).

Facilitators must encourage students to identify problems and opportunities at grassroots level in Bhutanese context. Some of the areas that can be considered in include traditional knowledge, agriculture, process innovation, value chain etc.

2.3.4 Entrepreneurial Motivation

Entrepreneurial motivation is often attributed to integration of cognition, motivation and environment. There are many models that portray entrepreneurial motivation such as Shane et.al (2003), and Locke and Baum (2007). Crijns and Kolstee (2015) embedding existing motivational drivers in the literature integrated environmental domains as the drivers of entrepreneurial motivation leading to entrepreneurial activity and action.



Entrepreneurial Motivation and The Entrepreneurship Process (Shane, Locke and Collins, 2003)

2.3.5 Evaluation of Entrepreneurial Competencies

Activity:

To ignite awareness of entrepreneurial qualities of the learner themselves, facilitator may like to start with activities such as Art Gallery, Collage-My Life in Brief, and knowing me-knowing you.

Having made aware some of the entrepreneurial qualities, facilitators can use Personal Entrepreneurial Competencies-Self Rating Questionnaire (PEC-SRQ) to enable learners to identify their entrepreneurial competencies (Annexure 1). PEC-SRQ measures ten entrepreneurial competencies namely:

1. Opportunity seeking and seizing
2. Persistence
3. Commitment to work contract
4. Demand for quality and efficiency
5. Risk taking
6. Goal setting
7. Information seeking
8. Systematic planning and monitoring
9. Persuasion and networking
10. Self confidence

After SRQ is completed, facilitator may like to encourage learners to work on the competencies they may be lacking. If needed, competency improvement work plan can be developed with individual students.

2.3.6 Emotional Resilience and Entrepreneurial Discipline

Entrepreneurial resilience is considered as key to entrepreneurial success. Entrepreneurial resilience relates to self (international strengths), cognitive competence and social competence. Emotional resilience is hallmark of entrepreneurial resilience and discipline.

Poor emotional resilience and entrepreneurial discipline are major concerns in Bhutanese entrepreneurship ecosystem. This may be highlighted as part of entrepreneurial competence and mindset.

2.4 Teaching Learning Approaches

Participatory learning approaches such as interactive lectures and group discussions would be suitable for facilitating the content of this unit. Group discussions would be specifically useful in enabling learners to participate and share about their competencies.

References

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Unit 3: Business Opportunity Identification (BOI) and Selection

3.1 Introduction

This unit pertains to business opportunity identification and selection. It takes the students through meaning of business opportunity, environmental scanning, generation of business ideas, evaluating ideas, and selection of viable idea(s).

3.2 Learning Outcomes

Upon completion of this unit, the students will be able to:

- Describe the concept of business opportunity.
- Conduct environmental scanning using appropriate techniques.
- Evaluate and select viable idea(s).

3.3 Subject Matter

3.3.1 Meaning of Business Opportunity

Business Opportunity refers to the time and circumstances that enables business to be conducted. It provides avenues for a person to invest, employ resources, manufacture of product, render service, and generate revenue.

3.3.2 BOI Process

Activity: students in group of 3-5 members or individually may be engaged in environmental scanning, idea generation, evaluation of ideas, and selection of idea.

The identification and selection of business opportunity involves several steps which are detailed out below:

3.3.2.1 Environmental Scanning

Environmental scanning refers to possession and utilization of information about occasions, patterns, trends, and relationships within an organization's internal and external environment.

It is essential for any organization to carefully monitor its internal and external environment for understanding its strengths and weaknesses, detecting early signs of opportunities and threats that may influence its current and future.

It also involves understanding the macro level environment such as political environment, economic environment, social-cultural environment, technological environment, legal environment, and ecological and natural environment.

The PESTLE Analysis, and SWOT Analysis are essential techniques for conducting environmental scanning.

a. PESTLE Analysis

PESTLE is an acronym referring to political environment, economic environment, social-cultural environment, technological environment, legal environment, and environmental/ecological environment. It is used to analyze how favorable/unfavorable is the macro factors for conducting business. Answering the following questions is important for understanding the PESTLE environment:

- What are the political factors that are likely to affect the business?
- What are the economic factors that will affect the business?
- What cultural aspects are likely to affect the business?
- What technological changes may affect the business?
- What current and impending legislation will affect the business?
- What are the environmental considerations that may affect the business?

The factors gathered under this analysis needs to be linked with SWOT analysis by listing respective factors under opportunities or threats for defining and evaluating strategic alternatives.

b. SWOT Analysis

It is used to consolidate the results from the external and internal business environment analysis. SWOT is an acronym for Strength, Weaknesses, Opportunities, and Threats. While strength and weakness are internal to the organization, opportunity and threat are external to the organization.

Strengths: Positive capabilities such as financial resources, motivated and skilled staffs, good image, etc.

Weaknesses: Negative aspects such as obsolete equipment and system, unskilled employees, poor leadership and management, etc.

Opportunities: Factors which presents opportunities for success such as social changes that increases demand for organization's products, new technological advancement, new knowledge of doing things efficiently and effectively, etc.

Threats: Factors such as economic downturns, potential entrance new competitors, etc., that have potential harm to the organization.

Once SWOT has been developed it is used to evaluate the organization's business situation and identifying potential strategies for the future. The following steps may be followed for using SWOT:

Identify new business improvements made possible by the opportunities defined in SWOT.

- Identify the business issues that may arise from the threats defined in SWOT.
- Consider the actions required to grasp the opportunities and address threats.
- Identify the areas of strengths that will enable the organization to carry out these actions.
- Identify the areas of weaknesses that will undermine any action taken.
- Develop and evaluate strategic alternatives for delivering success based on the previous steps.

3.3.2.2 Generating Ideas

The tutor may conduct few brainteaser exercise before starting this topic. Some of the suggested exercises are: 1+1 activity, Three Dots, 17 Eggs, and square puzzle.

Some of the possible sources of ideas are:

- a) Observing markets
- b) Prospective consumers
- c) Developments in other nations
- d) Study of project profiles
- e) Government organizations
- f) Trade Fairs and Exhibitions
- g) solving people's problems
- h) combining two or more ideas
- i) new ways of doing old things
- j) improving the product/service
- k) extending somebody else's successful idea to other settings
- l) adding new value to an old product doing market research
- m) use of a 'hobby'
- n) building up the skills
- o) turning waste materials into something useful
- p) bringing ideas home from holidays, visit, brain storming
- q) checking published lists

- r) talking and listening to people
- s) day dreaming and fantasizing
- t) understanding what things do rather than what they are
- u) thinking of product use with change in size and shape

Some of the methods used in idea generation are:

- Focus Group: group of individuals led by a moderator engages in open and indepth discussion by way of providing information in a structured way.
- Brainstroming : this stimulates participants to think, note and discuss business ideas. To improve the effectiveeness, generally rules for brainstroming such as no negative comments, freewheeling, focus on quantility of ideas, combination and improvement of ideas are followed.
- Brainwriting: it is a form of written brainstroming. The participants write their ideas on card or paper and pass it on to others to include the ideas later, and it continues everyone or until the paper or the card.
- Problem Inventory Analysis: a method for obtaining new ideas and solution by focusing on problems.

3.3.2.3 Evaluating Ideas/Opportunities

There are numerous methods which can be used for business idea evaluation or assessment based on the need and nature of the idea. Some of these are listed below:

- ABC Analysis
- Cost Benefit Analysis
- Criterion Analysis
- SWOT Analysis
- Impact Analysis

Few templates for criterion analysis are given below:

- Template by CEFE

Project Idea																Total Weighted Score	Critical Success Factor (CSF)
	Criterion A			Criterion B			Criterion C			Criterion D			Criterion E				
	R	W	WS	R	W	WS	R	W	WS	R	W	WS	R	W	WS		
1																	
2																	
3																	
4																	
5																	
6																	

Legend

R - Rating
W - Weight
WS - Weighted score

Rating

5 - Excellent
4 - Very satisfactory
3 - Satisfactory
2 - Fair
1 - Poor

Criterion

A - Market availability
B - Raw material availability
C - Technology availability
D - Skills availability
E - Ease of implementation.

Note: 1. Total of the weights of the criteria used in rating one project must equal 100%.

2. Multiply rating (R) by weight (W) to arrive at the Weighted Score (WS) for each project idea.

Source: CEFE Course Pack

- Idea Evaluation/Screening Matrix by BCITSA

IDEA EVALUATION SCREENING MATRIX												
IDEAS	Scoring 1=Low, 2=Mod, 3 High or - or +	CRITERIA										SCORE
		Different or Better	Delivers Value	Doable? Practical	Cost/ Benefit	Fits with my skills	Have an existing network	Potential for early adopters	Passion Factor (! love it!)	Other?	?	
	Criteria Weight (H/M/L)	H	H	H	H	M	M	M	L			

Source: British Columbia Institute of Technology Student Association (BCITSA or 'SA')

Key High Priority Criteria:

- Different or Better: the idea must be innovative (improvement over existing) or inventive (something new) and be different then what exists. It must have an added value over and above what the target market is currently using to solve the problem they are experiencing.
- Delivers Value/ Solves a Problem: the idea must address a specific problem that is incurring a cost to the target audience. It must deliver value to customer that can be quantified so they will pay you for it. Pay attention to “wants” versus “needs” – if they need it, they will value it, if it is a want it's not a necessity.
- Doable / Practical: it may be an amazing idea but if it is beyond the capability of current technologies it will be difficult to develop the product and also will be difficult to convince the target market they need it.

- **Cost / Benefit:** the core of the idea is that it provides value to a target audience. It must solve a problem and benefits must be more than cost.
- **Fit With My Skills:** the skills requirement of the idea must fit entrepreneur's skill set.

3.3.4 Selecting Ideas/Opportunities

Once the evaluation of business ideas are complete, the entrepreneur will be left with few promising ideas. However, further check on the feasibility of the ideas needs to be conducted for selecting right idea(s). This is done through feasibility study which must test the followings:

- **Market Feasibility:** it must include description of the industry, current market situation (problems, demand & supply), competition, future market potential, potential customers, and sales projection, and description of marketing mix strategy.
- **Technical Feasibility:** it must be studied whether what the business plans to be produce can be produced or not. This requires check on availability of resources, technology, technical know-how, operational logistics, etc.
- **Organisational Feasibility:** team and leadership is very essential for any business. The fit amongst idea, team, and structure must be assessed.
- **Financial Feasibility:** it is the test of feasibility from the perspective of cost, revenue, cashflow, return on investment, breakeven analysis, etc.

3.4 Teaching Learning Approaches

Interactive classroom lecture, field visits and small groups discussion are participatory learning approaches most suitable for facilitating this unit.

3.5 Assessment

The students will be assessed in group of 3-5 members or individually. They will be required to conduct environmental scanning, idea generation, evaluation of ideas, selection of idea, and submit idea evaluation report of maximum 1200 words.

Criteria:

2% - Environmental Scanning

3% - Generating Ideas

3% - Evaluation of Ideas

1% - Selection of Ideas

1% - Evidence

Unit 4: Business Model

4.1 Introduction

This unit is designed to enable learners to develop business models for the business ideas they have selected.

4.2 Learning Outcomes

By the end of this units, learners will be able to:

- Explain business models
- Develop business model and business model canvas

4.3 Subject matter

4.3.1 Business Models

Osterwalder and Pigneur (2017) describes business model as the rationale of how an organization creates, delivers and captures value. Osterwalder and Pigneur (2017) developed nine building blocks that defines how an organization creates, delivers and captures value.



4.3.2 Business Model Canvas

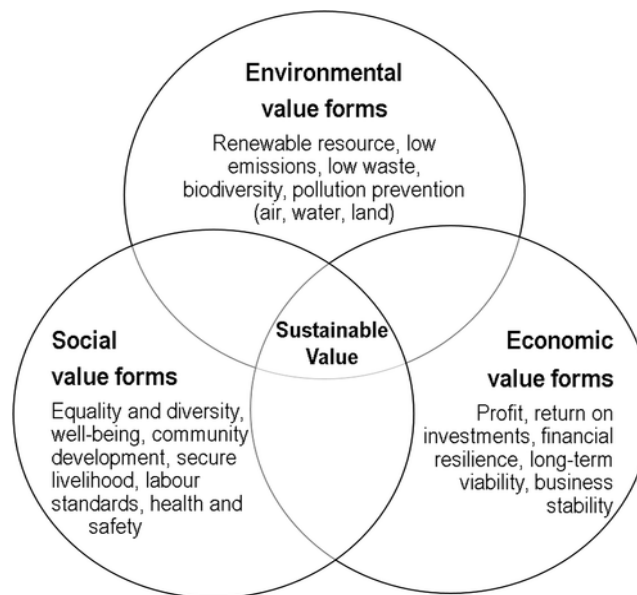
Key Partners Who are our Key Partners? Who are our key suppliers? Which Key Resources are we acquiring from partners? Which Key Activities do partners perform?	Key Activities What Key Activities do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue streams? Key Resources What Key Resources do our Value Propositions require? Our Distribution Channels? Customer Relationships? Revenue Streams?	Value Propositions What value do we deliver to the customer? Which one of our customer’s problems are we helping? to solve? Which customer needs are we satisfying? What bundles of products and services are we offering? to each Customer Segment?	Customer Relationships What type of relationship does each of our Customer Segments expect us to establish and maintain with them? Which ones have we established? How costly are they? How are they integrated with the rest of our business model? Channels Through which Channels do our Customer Segments want to be reached? Which ones are most cost-efficient? How are we integrating them with customer routines?	Customer Segments Customer groups represent separate segments if: Their needs require and justify a distinct offer They are reached through different Distribution Channels They require different types of relationships They have substantially different profitability's They are willing to pay for different aspects of the offer
Cost Structure What are the most important costs inherent in our business model? Which Key Resources are most expensive? Which Key Activities are most expensive?			Revenue Streams For what value are our customers really willing to pay? How would they prefer to pay? How much does each Revenue Stream contribute to overall revenues?	

Activity:

Having discussed business models, facilitators can ask learners to input their business ideas in the business model canvas. The questions in the canvas are indicative, not exhaustive.

4.3.3 Sustainable Business Models

There is a lot a debate on the need to embed sustainability domains in the business models, but there isn't generally accepted guideline for developing business models that embed sustainability. Evans, Valdimirova, Holgado, Fossen, Yang, Silva and Barlow (2017) proposes an integrated model to embed sustainability domains in business model designed to ensure generation of sustainable value.



Sustainable Value (Evans, Valdimirova, Holgado, Fossen, Yang, Silva and Barlow, 2017)

GNH of Business (available at <http://www.bhutanstudies.org.bt/wp-content/uploads/2017/11/GNH-of-Business-.pdf>) attempts to integrate domains of sustainability and facilitators may like to discuss how GNH domains can be integrated into to creation of sustainable business models.

4.4 Teaching Learning Approaches

In addition to participatory learning approaches, tutorials (individual/group) needs to be conducted to ensure that the learners are able to design business models.

4.5 Assessment

Students of groups of 3-5 members will develop business model for the business ideas they have selected.

Criteria:

7%- Business Model (9 Domains)

3%-Business Model Canvas

References

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Evans, S., Valdimirova,D., Holgado,M., Fossen,K.V., Yang, M., Silva, E.A., and Barlow,C.Y. (2017). Business Model Innovation for Sustainability: Towards a Unified Perspective for Creation of Sustainable Business Models. Business Strategy and the Environment. 26:597-608.

Unit 5: Building up a Business Plan

5.1 Introduction

In this unit the students will learn about the fundamentals of preparing a business plan. It will focus on the need and importance, audiences of business plan, components, business profile and background, and formulation of vision, mission, objectives, and the keys to success and unique selling proposition (USP).

5.2 Learning Outcomes

Upon completion of this unit, the students will be able to:

- Define business plan.
- Describe the need, importance, and audiences of business plan.
- Formulate business profile
- Exhibit understanding of key components of business plan.

5.3 Subject Matter

5.3.1 Overview

What is Business Plan?

According to Hisrich, Manimala, Peters, & Shepherd (2015) business plan is a written document prepared by entrepreneur that describes all the relevant external and internal elements involved in starting a new venture. It integrates the functional plans such as marketing, finance, manufacturing, and human resources. The business plan is the entrepreneur's roadmap for a successful enterprise

Although it is important for the entrepreneur to prepare the business plan himself or herself, he/she may consult experts for their useful insights and advices.

Need and Importance of Business Plan

A business plan is required and important for the following reasons:

- It helps in determining the viability of the venture through ascertainment of market possibilities, production and technical feasibility, organizational and management capabilities, and financial feasibility.
- It serves as a document for reference and guidance to the entrepreneur for carrying out activities as per plan.
- It serves as an important tool in obtaining finance from banks, financial institutions, investors, and other sources.
- The business plan quantifies objectives, providing measurable benchmarks for comparing forecasts with actual results.
- The business plan provides for financial sources with regards to the details of the market potential and plans for securing a share of that market.
- Through prospective financial statements, the business plan illustrates the venture's ability to service debt or provide an adequate return on equity.

5.3.2 Audience of Business Plan

The business plan will be read and used by several stakeholders for different reasons. Some of the audiences are:

- Investors
- Bankers
- Potential Partners
- Customers
- Suppliers
- Managers and Employees

5.3.3 Components of Business Plan

The business plan comprises of several components related to the profile of the business, marketing plan, technical/production plan, management/organizational plan, and financial plan. Given below is a general outline of business plan.

I. Business Profile

- Name and address of business
- Name and address of principal(s)
- Nature of business
- Vision, Mission, and Objectives
- Statement of financing needed
- Statement of confidentiality of the report

II. Executive Summary

This should precisely cover the key points from remaining components of business plan.

III. Marketing Plan

- Description of product(s)
- Target market segments
- Target market area
- Demand analysis
- Supply analysis
- Gap analysis
- Competitors' marketing strategies
- Project's marketing strategies
- Forecast of sales
- Fixed assets for marketing
- Total marketing expenses

IV. Production and Technical Plan

- Production facility location and description
- Methods/Processes involved
- Production schedule
- Fixed asset requirements and cost
- Sources and terms of acquisition of fixed assets
- Plant capacity and capacity utilization
- Raw material requirements and cost
 - material requirements
 - Annual cost of direct materials
 - Sources and availability of direct materials
- Direct labour requirements and cost
 - Direct labour requirements
 - Direct labour cost
 - Availability of direct labour
- Factory overheads
 - Indirect materials
 - Indirect labor
 - Other indirect costs
 - Total factory overhead costs
- Total production cost and unit production cost

V. Organization and Management Plan

- Form of business
- Business name and logo
- Capability profile of project proponents
- Organizational structure
- Description of key positions and responsibilities
- Recruitment, selection and training of staff

- Recruitment strategy
- Selection strategy
- Training strategy
- Cost of personnel for administration
- Fixed assets required for office administration
- Maintenance and repairs
- Office layout
- Pre-operating activities and expenses
- Organization and management expenses

VI. Financial Plan

- Total project cost
- Financing plan
- Security for loan
- Loan repayment and interest
- Projected profit and loss statement
- Projected cash flow statement
- Projected balance sheet
- Break-even analysis
- Financial/investment analysis
- Financial assumptions

Note: The components of business plan will be covered in detail in the subsequent units.

5.4 Teaching Learning approaches

Interactive lectures and small group discussions could be adopted to facilitate unit 5 to unit 10.

5.5 Assessment

The assessment for units 5 to 10 will be based on development of business plan. The students will work in groups of 3 to 5 to develop a business plan specific to the Bhutanese market. Assessment for the same will be as follows:

Written report (30%)

Part A 10% (Business profile, market analysis, and marketing plan)

Part B 10% (Production and operations, organisational/HR plan, and financial plan)

Part C 10% (Final Report)

1% each for:

- Executive summary
- Project description/profile
- Market analysis
- Marketing plan
- Operation plan
- Human resources plan
- Financial plan
- Referencing
- Appendices
- General structure

10% Individually assessed process score (contribution to the group output. Part A 3%, Part B 3%, and Part C 4%)

Presentation (10% (6% in Group and 4% Individually))

Criteria for group marking:

- Content – 2%
- Cohesiveness – 2%
- Question & Answer – 2%

Criteria for Individual marking:

- Clarity – 1%
- Conciseness – 1%
- Level of professional delivery – 1%
- Tone – 1%

References

Hisrich, R., Manimala, M., Peters, M., & Shepherd, D. (2015). Entrepreneurship (9th ed.). MCGraw Hill Education.

Unit 6: Market Analysis

6.1 Introduction

This unit attempts to equip learners with ability to analyze market, identify and select market and customer segments, analyze competitors and forecast demand for their products.

6.2 Learning Outcomes

By the end of this unit, students will be able to:

- Analyze business environment
- Identify market and customer segments
- Forecast sales/revenue for their products
- Analyze competitors and competitive offerings

6.3 Subject Matter

6.3.1 The Business environment

a. STEEPLE

For an entrepreneur to establish a business, it's important to understand the business environment. For the selected business idea/projects, learners must conduct STEEPLE analysis (See environmental scanning under unit III).

b. SWOT analysis

While STEEPLE provide a view of the external business environment, SWOT enables entrepreneurs to understand the internal/micro environment.

Sample SWOT analysis for Dragon Clothing

strengths	Low cost compared to competitors, more readily available, durability, more color choices
Weakness	Not a necessity, lasts a long time so overall continuing demand would be low, some customers indicate price is not really a key factor in their purchase decision.
Opportunities	Can lower costs, increase choice, increase supply rapidly

Threats local competitor who is already well established. He might quickly lower his prices, increase color choices, or increase supply and put me out of business. Since the products all come from elsewhere, there could be problems in future supply, suddenly increasing costs, or factors outside of my control.

6.3.2 Market Research

Activity:

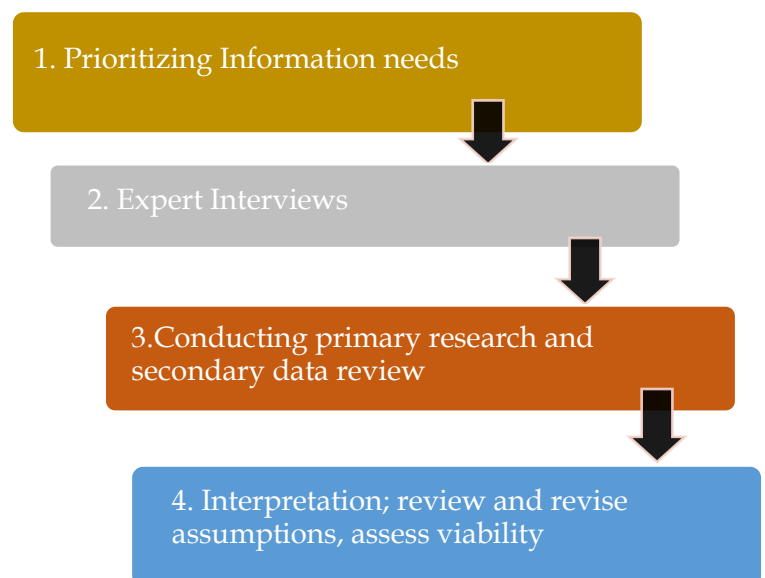
Conduct a mock focus group discussion about a business/a product available in the locality (or their own idea/business) in the classroom. Ask groups to discuss on following questions:

- How many people or businesses do you know that offer this type of product/service?
- Are these businesses finding it easy to identify and keep customers?
- Do you think the local market is already saturated, e.g. there is no more demand for this type of service?
- this service was available, how often would you purchase it and at what price?
- Are there other similar services that you think are in greater demand or lower supply?

Facilitate discussion on the real need of the product/service, and the market.

A simple market research process starts with prioritizing information needs for the selected business idea or the project. Student groups can have prepared set of questions/information they need and from whom (identify the stakeholders-customers, suppliers, experts etc.).

When information needs are prioritized, students can do field survey, gather data and information. And accordingly generate desired information for their business projects.



6.3.3 Target Market

Analyzing target market is essential for the business. Target market could be geographical locations where the business will make their products available. It can be areas where your customers, either live, work or shop. To identify the target market segment (use target market selection table), mention the names of the districts, towns, etc. and justify why do you think they are the best places for you to sell your product(s)?

Target Market Selection		
Market Segment	Area	Reason

6.3.4 Target Customer Segments

Amongst the selected target markets in target market selection table, identify to whom do you plan to sell the products - individual customers or institutional customers or both? If individuals, write whether they would belong to any age group, income group, living area, family size etc. If institutions, describe the key features and basis of segmentation

Segment	Features
1	
2	
3	
4	
5	

5.3.5 Demand analysis

To ascertain your buying customers from the target customer segment, demand analysis must be conducted. Demand analysis helps to ascertain how much do your target customers buy in quantity and value? First, identify all those who either currently use the product or may use the product in the future. Find out how much they buy or intend buying for a day/month/quarter/year and at what price. (demand must be ascertained for individual product)

Location	Potential buyers & numbers	Usage rate		Quantity demanded	
		Volume	Value (Nu.)	Volume	Value (Nu.)
Total					

Note:

1. Usage rate

(Volume) - This refers to the quantity purchased for consumption during a particular period. Period could be a day, month, or year.

(Value) - This refers to the amount spent for purchasing the particular product or complimentary product during a particular period. Period could be a day, month, or year.

2. Quantity demanded

This refers to the total figure, which is derived by multiplying.

Quantity Demanded = Usage Rate * No. of target buyers in the target area

(Volume) (Volume)

Quantity Demanded = Usage Rate * No. of target buyers in the target area

(Value) (Value)

Assumptions: -----

Supply analysis

To ascertain demand for your product/service, it is essential to assess current market by identifying the competitive offering and the market coverage. First, identify your existing and potential competitors. Next, find out how much they supply to the market per day/month/quarter/year.

Location	Name of competitor	Name of product	Supply	
			Volume	Value (Nu.)
Total				

Assumptions:
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Gap analysis

Demand supply gap (excess demand over supply) indicates that a new product/process/service has market potential. Conduct gap analysis using your demand and supply analysis tables.

Total demand (a)	Total supply (b)	Gap (a - b)
Total		

Note:

1. Total demand (a) – Refer demand analysis

This figure refers to the quantity demanded - volume in the demand analysis

2. Total supply (b) – Refer supply analysis

This figure refers to the quantity supplied in the supply analysis

3. Gap (a - b)

Subtracting total demand from total supply derives this figure.

Assumptions:

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6.3.5 Competitor Analysis

Understanding competitor, competitive offerings and strategies are key to development of business strategies. Following questions related to products, pricing, promotion and distribution may be asked while identifying and analyzing competitors (use competitor analysis table).

Product strategy

What special features do your competitors' products have in order to make them sellable? You can focus on quality, branding, packaging, customer service etc.

Distribution strategy

How do your competitors make their products available to the customers and through what channels?

Promotion strategy

How do your competitors communicate about their products to the target buyers? Do they use advertising, personal selling, sales promotion, direct marketing or publicity?

Price strategy

What pricing strategies do your competitors adopt in pricing their products? Is it demand-oriented, cost-oriented or competitor-oriented?

Competitor Analysis				
Competitor	Products and Strategy	Pricing and Strategy	Promotion	Distribution
1				
2				
3				
4				
5				

6.3.6 Income and Revenue Forecasting

Income or revenue forecasting is mostly based on sales forecasting. For your product/service, what is the amount of sales per year that you anticipate for your products for the next 3 years? This should be derived based on the demand, supply and gap analysis.

Product(s)	Sales value		
	Year 1	Year 2	Year 3
Total sales in Nu.			

Assumptions:

The sales forecast is crucial as the rest of the projections are based on the estimated sales. It is important to make realistic assumptions. Take into account the nature of product and losses, which may incur during storage, sales and marketing. State by what percentage the sales were increased/ decreased from year to year by product, increase/decrease in selling price by product and any other relevant assumptions made in arriving at the sales forecast.

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6.4 Teaching Learning Approaches

Small group facilitation, group discussion and tutorial will be suitable for this unit.

Unit 7: Marketing Plan

7.1 Introduction

This unit aims to facilitate development of marketing mix and marketing strategies as a component of business plan.

7.2 Learning Outcomes

By the end of this unit, students will be able to:

- Develop marketing strategies
- Develop marketing plan

7.3 Subject matter

7.3.1 Marketing Mix

Marketing mix is the set of marketing tools that the firm uses to pursue its marketing objectives in the target market. Kotler (2002) lists some of these tools under product, price, promotion and place.



7.3.2 Marketing Strategies

A marketing strategy is an overall, program for selecting a particular target market and then satisfying consumers in that market through a careful blending of the elements of the marketing mix—product, distribution, promotion, and price—each of which is a subset of the overall

marketing strategy. Marketing strategy can be formulated using following questions related to product, price, promotion and distribution.

Product strategy

What special features will your products have in order to make them sellable? You can focus on quality, branding, packaging, customer service etc.

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Distribution strategy

How will you make your products available to the customers and through what channels?

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Promotion strategy

What promotional methods will you adopt in order to make your products known to your target customers?

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Price strategy

What pricing strategy will you adopt in pricing your products? Will it be demand-oriented, cost-oriented or competitor-oriented?

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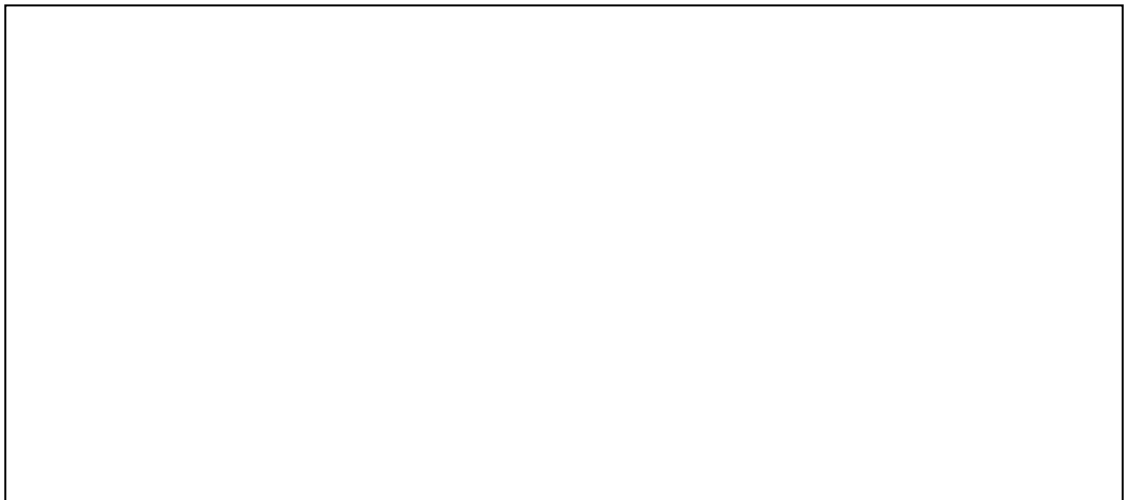
7.3.3 Location of outlet

Where will the retail outlet be located? Draw and indicate its strategic advantages in locating it there. Will there be parking space for vehicles?

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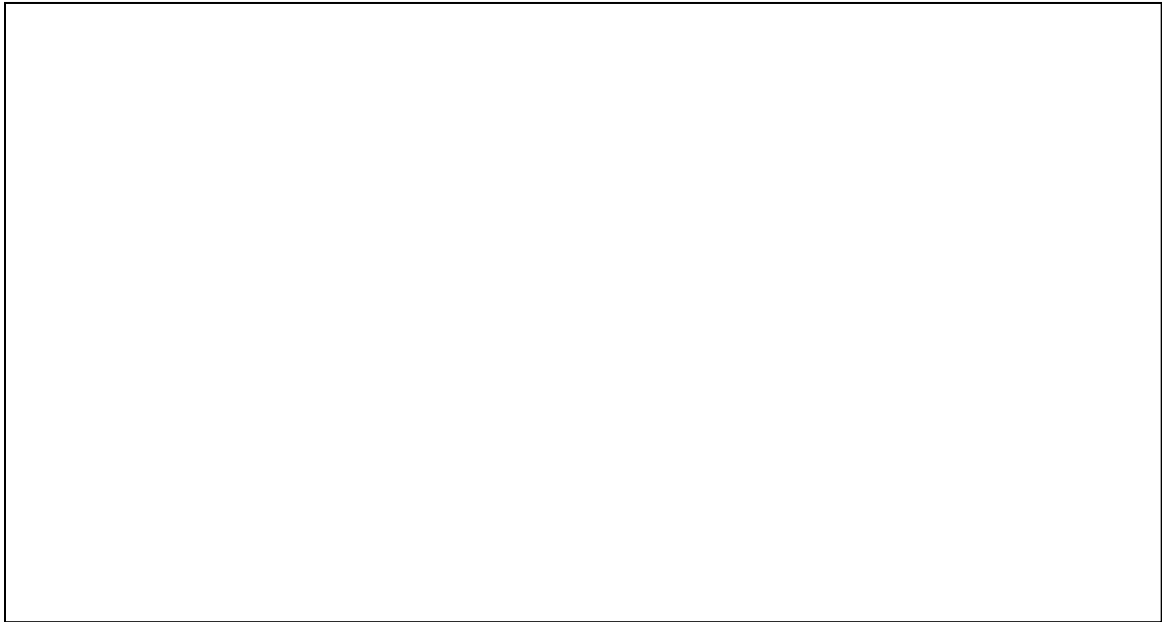
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7.3.4 Layout of the outlet

How will the layout be in your trading outlet? Draw and show the basic layout you have planned.



7.3.5 Non-Current Assets for Marketing

What are the non-current assets required for marketing? Check the purchase price and learn to provide for depreciation so that replacement becomes easier. If you already own the non-current assets, use the current market value as the purchase price.

	Description of asset	Specification	Purchase price in Nu. (a)	Estimated life in years (b)	Depreciation per year in Nu. (a/b)
1.					

2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
Total					

7.3.6 Marketing Expenses

What expenses do you envisage to incur on your marketing efforts for the next 3 years? For example, what will be the cost of sales personnel, and other overheads such as promotion, rent, electricity etc.?

Expenses	Year 1	Year 2	Year 3
1. Salaries of marketing manager			
2. Salaries of sales agent			
3. Drivers' salaries			
4. Helpers' salaries			
5. Commissions			
6. Maintenance of fixed assets			
7. Fuel			
8. Supplies			
9. Telephone			
10. Miscellaneous expenses			
Total expenses before depreciation			
11. Depreciation of fixed assets in marketing			
Total marketing expenses			

Assumptions:

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Unit 8: Production and Operations

8.1 Introduction

This unit guides students to complete production and operations component of their business plan.

8.2 Learning Outcomes

By end of the unit, learners will be able to: -

- Develop production and operations plan component of the business plan
- Explain the parameter used in development of production and operations plan

8.3 Subject Matter

8.3.1 Production facility location and description

Describe where the production facility will be located. What is the significance in choosing this location? Write the advantages of the location.

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Draw the location with access roads. Indicate the nearest main town.



8.3.2 Methods/Processes involved

What method or process will be used in producing the products you have planned? Outline the steps involved in the right sequence.

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8.3.3 Production schedule

What are the estimated production quantities for the next three years? Remember – you need to have inventory to match your sales projection (refer marketing plan) and production volume needed for inventory level.

	Year 1	Year 2	Year 3
Production volume needed to cover projected sales			
Production volume needed for inventory level			
Total Production			

Assumptions:

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8.3.4 Non-Current Assets requirement and cost

What fixed assets do you require for the production facility? How much will they cost? Check the purchase price and learn to provide for depreciation so that replacement becomes easier. If you already own the Non-current assets, use the current market value as the purchase price.

	Description of assets	Specifications	Purchase price in Nu. (a)	Estimated life in years (b)	Depreciation per year in Nu. (a/b)
1.					
2.					
3.					
4.					
5.					
Total					

8.3.5 Sources and terms of acquisition of Non-Current Assets

How will you source the required machinery and equipment? Are they locally available from dealers, distributors, and fabricators? Has any machinery got to be imported?

Asset	Sources	Terms of acquisition

Assumptions:

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.....
.....
.....

8.3.6 Plant capacity and capacity utilization

What will be the plant capacity? What is the project's proposed capacity utilization for the next 3 years?

Year	Production volume	Capacity utilization (in percentage)
First		
Second		
Third		

Assumptions:

.....

8.3.7 Raw material requirements and cost

What are the raw materials required for the manufacture of products? How much will they cost?

8.3.7.1 Direct material requirements

What is the direct material requirement of the business? Material requirement has to be based on the anticipated sales volume and with an allowance for finished goods and materials inventory.

Year	Materials to cover sales volume		Materials to cover finished goods inventory		Materials inventory		Total materials requirement	
	Qty	Amount	Qty	Amount	Qty	Amount	Qty	Amount
1								
2								

8.3.7.2 Annual cost of direct materials

What will be the total cost of direct material requirements?

Particulars	Year 1	Year 2	Year 3
Purchases			
Plus:			
Inventory, beginning			
Equals			
Total cost of materials available			
Less:			
Inventory, Ending			
Cost of materials used			

8.3.7.3 Sources and availability of direct materials

What will be the major source of raw material supply? How will you ensure that raw material supplies will be available throughout the year?

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8.3.8 Direct labour requirements and cost

What will be the direct labour requirement for production? How much will they cost?

8.3.8.1 Direct labor requirements

What is the direct labour requirement of the business? Labor requirement has to be carefully thought about. Assess qualifications and experience required for the positions and the amount of salary payable.

Job title	No. of workers	Qualifications/ Experience	Monthly salary/ benefits	Monthly labour cost
Total				

Assumptions:

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.....

.....

.....

8.3.8.2 Direct Labour Cost

What will be the cost of labour? Will there be any increase in the number of workers in the production area?

Year	Total direct labor cost per year

1	
2	
3	

Assumptions:

.....

8.3.8.2 Availability of direct labour

Can the labour requirements be met within the area or have people got to be sourced from elsewhere? How will you ensure that adequately skilled labour will be available for the business?

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8.3.9 Factory overheads

What are the other requirements needed for production? How much do you require? What will be cost involved?

8.3.9.1 Indirect materials

What will be the indirect materials requirements and how much will they cost?

Particulars	Year 1	Year 2	Year 3
Lubricants			

Fuel			
Cleaning materials			
Spare parts			
Welfare costs (tea)			
Health and safety products			
Medical supplies			
Cost of indirect materials			

Assumptions:

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.....

8.3.9.2 Indirect labour

Describe details of project's indirect labour requirements and cost estimates.

Job title	No. of personnel	Monthly salaries/ benefits	Year 1	Year 2	Year 3
Plant Manager					
Mechanic/Maintenance					
Watchman					

General helpers					
Cost of indirect labour					

8.3.9.3 Other indirect costs

Other indirect costs include electricity, insurance, and depreciation of fixed assets used in production.

Particulars	Year 1	Year 2	Year 3
1. Electricity			
2. Insurance			
Total before depreciation			
3. Depreciation			
Total indirect cost after depreciation			

8.3.9.4 Total factory overhead costs

This is the total of indirect material, indirect labour and other indirect costs.

Particulars	Year 1	Year 2	Year 3
1. Indirect material			
2. Indirect labour			
3. Other indirect costs			
Total factory overhead costs			

8.3.10 Total production cost and unit production cost

What will be the annual total production cost? What is the average cost per unit?

Year	Direct materials cost	Direct labour cost	Total factory overhead costs	Total production cost	Unit production cost
1					
2					
3					

Unit 9: Organization and Management / Human Resource Plan

9.1 Introduction

In this the students will learn about preparing organisational plan which is an essential component of business plan.

9.2 Learning Outcomes

Upon completion of this unit, the students will be able to:

- Prepare organisational/management/human resource plan.
- Estimate costs associated to office and administration.

9.3 Subject Matter

9.3.1 Form of business

The students must clearly articulate the form of business they intend to setup. Some forms of businesses include sole proprietorship, partnership, private company, and limited liability company. Each of these business forms have their own merits and demerits. Therefore, the reasons for choosing the form of business may also be stated.

9.3.2 Business name and logo

The name of the business and logo must be stated with its symbolic meaning if any. It should not be same with the existing business name or logo, and legal requirement of business naming must be abided.

9.3.3 Capability profile of project proponents

The educational, experience, skills set, business experience/backgrounds of the project proponent(s) must be written here.

9.3.4 Organizational structure

The proposed organizational hierarchy or structure must be clearly depicted with segregation of roles and position, defining lines of reporting and communication, etc. There are different organizational structures available, namely line structure, line and functional, line and staff, divisional, project, matrix, hybrid, informal, etc.

9.3.5 Description of key positions and responsibilities

Based on the organizational structure defined above, the key positions and responsibilities of each position must be made clear.

9.3.6 Recruitment, selection and training of staff

This pertains to how the business aims to attract, select, train and develop its staff.

9.3.6.1 Recruitment strategy

The strategies for attracting potential employees must be stated here. Some of the popular recruitment sources are: internal transfer and promotion; press advertisement; educational institute; executive search and placement agencies; employment exchange; Labour contractors; employee recommendations; and unsolicited applicants.

9.3.6.2 Selection strategy

Once a pool of applicants or potential employees is generated, the selection of right candidate must be done. The general methods to be used for selection must be stated here. The kind of selection methods and criteria depends on the position types and human resources need. The general steps involved in selection are: preliminary interview; Application blank; Selection test; Employment interview; Medical examination; Reference check; and Final approval.

9.3.6.3 Training strategy

This subsection must have the training requirement and strategies stated.

9.3.7 Cost of personnel for administration

The details of personnel who will be involved in office administration must be stated here. The cost of employing them also must be given.

Category	Monthly salaries and benefits	Year 1 salaries and benefits	Year 2 salaries and benefits	Year 3 salaries and benefits
Total				

Assumptions taken into consideration while deciding the number and employment conditions must be stated.

9.3.8 Non-Current Assets required for office administration

The non-current assets required for office and their cost must be stated here.

Assets	Capacity/ Specifications	Acquisition cost (LC)	Estimated life (years)	Depreciation per year (LC)

Total				

9.3.9 Maintenance and repairs

State the plan for maintenance and repair here.

9.3.10 Office layout

A map of how assets will be arranged in the office should be drawn here.

9.3.11 Pre-operating activities and expenses

Identify all the activities which must be carried out before the commencement of the business on monthly basis, and reflect the cost as given in the format below.

Activity	Months												Cost
	1	2	3	4	5	6	7	8	9	10	11	12	
1. Business plan preparation													
2. Business registration													
3. Loan application and approval													
4. Construction of building													
5. Contracting of suppliers of material													
6. Purchase and installation of equipment													
7. Trial production													
8. Purchase and installation of furniture and fixtures													
9. Recruitment and training of personnel													
10. Obtaining samples													
TOTAL													

9.3.12 Organization and management expenses

Describe the expense items and the amount to be incurred which are related to office and administration.

	Items	Year 1	Year 2	Year 3
1.	Salaries			
2.	Stationery and other office supplies			
3.	Telephone			
4.	Electricity and water			
5.	Renewal of permits and licenses			
6.	Staff training and development			
7.	Newspapers/magazines			
8.	Fuel			
9.	Repairs and maintenance			
10.	Donations			
11.	Miscellaneous			
	Total organization and management expenses before depreciation and pre-operating expenses			
12.	Depreciation			
13.	Pre-operating expenses			
	Total organization and management expenses			

References

Hisrich, R., Manimala, M., Peters, M., & Shepherd, D. (2015). *Entrepreneurship* (9th ed.). McGraw Hill Education.

Unit 10: Financial Plan

10.1 Introduction

This unit will focus on the financial aspects of a business plan. The students will learn about project costing, financing plan, loan repayment and interest calculation, projection of financial statements, economic analysis, and financial analysis.

10.2 Learning Outcomes

Upon completion of this unit, the students will be able to:

- Conduct project costing
- Develop financing plan
- Calculate loan repayment and interest
- Perform projection of financial statement
- Conduct economic and financial analysis of the projected financial statement

10.3 Subject Matter

10.3.1 Total project cost

State the estimated total cost of the project here. Template for arriving at total project cost is given below.

Template for Project Costing		
A	Fixed Investment	
	Land	xxx
	Building	xxx
	Machinery & equipment	xx
	Transport & other equipment	xx
	Furniture	xx
	Others	xx
	Total Fixed Investment (A)	XXXX

B	Pre-operating Expenses	
	Business registration	xx
	Cost of training	xx
	Others	xx
	Total Pre-operating Expenses (B)	XXX
	Total Investment A+B = C	
D	Working Capital	
	Direct Operating Cost:	
	Direct material cost	xx
	Direct labour cost	xx
	Factory overheads (excluding depreciation)	xx
	Indirect Operating Cost:	
	Marketing expenses (excluding depreciation)	xx
	Organisation & management expenses (excluding depreciation)	xx
	Debtors (Credit sales)	xxx
	Less: Cash sales	xxx
	Working Capital Required (D)	XXX
	Total Project Cost = C + D	XXXX

10.3.2 Financing plan

There are several options for financing project, namely own investment, borrowed fund, investors, friends and family, etc. How the entrepreneur intends to find funds and the proportion of financing must be stated here.

Total Project Cost -----

less

Own Investment funds -----

Funds to be borrowed =====

Funds to be borrowed From:

Family

Relations

Friends

Banks

Lending Institutions

Others

=====

10.3.3 Security for loan

State what security will the entrepreneur provide to obtain the loan.

.....
.....

10.3.4 Loan repayment and interest calculation

Interest has to be paid on the amount borrowed in addition to the principal amount. Knowing the rate of interest and working out a schedule for repayments is must.

Amount of loan Nu

Interest rate %

Payment period ... years

Grace period months (During the grace period, repayment on principal is not required. However, the period has to be negotiated and it depends on many factors.)

Repayment method

10.3.5 Loan Repayment Schedule

Year	Beginning balance	Interest payments	Payments on principal	Total annual payments	Ending balance
1					
2					
3					
Total					

10.3.6 Projected Statement of Comprehensive Income

Particulars	Year 1	Year 2	Year 3
A. SALES	XXXXX	XXXXX	XXXXX
Less: Taxes on sales	(xx)	(xx)	(xx)
A1. Net Sales	XXXX	XXXX	XXXX
B. DIRECT OPERATING COST			
1. Direct materials costs	(xxx)	(xxx)	(xxx)
2. Direct labour costs	(xxx)	(xxx)	(xxx)
3. Factory overheads excluding depreciation	(xxx)	(xxx)	(xxx)
B1. Total Direct Operating Costs/Cost of goods sold	(XXX)	(XXX)	(XXX)
C. GROSS PROFIT (A1-B1)	XXX	XXX	XXX
D. INDIRECT OPERATING COSTS			
1. Marketing expenses excluding depreciation	(xxx)	(xxx)	(xxx)
2. Organization & management expenses excluding depreciation	(xxx)	(xxx)	(xxx)
TOTAL INDIRECT OPERATING COST BEFORE DEPRECIATION & PRE-OPERATING EXPENSES	(XXX)	(XXX)	(XXX)
3. Depreciation	(xxx)	(xxx)	(xxx)
4. Pre-operating expenses	(xxx)		
E. TOTAL OPERATING COSTS	(XXX)	(XXX)	(XXX)
F. OPERATING PROFIT (C-E)	XXX	XXX	XXX
G. INTEREST	(xxx)	(xxx)	(xxx)
H. NET PROFIT BEFORE TAX (F-G)	XXX	XXX	XXX
I. TAX	(xxx)	(xxx)	(xxx)
K. NET PROFIT AFTER TAX (H-I)	XXX	XXX	XXX

10.3.7 Projected Statement of Cash Flow

Particulars	Year 1	Year 2	Year 3
A Beginning cash balance	xxxx	xxxx	xxxx
B. Cash In-Flow			
1. Cash Sales	xxx	xxx	xxx
2. Equity contribution	xxx	xxx	xxx
3. CapEx loan	xxx	xxx	xxx
4. Interest received	xxx	xxx	xxx
4. Working capital loan	xxx	xxx	xxx
Total Cash In-Flow	xxxx	xxxx	xxxx
C. Cash Out-Flow			
1. Capital expenditure	(xxx)	(xxx)	(xxx)
2. Direct operating costs	(xxx)	(xxx)	(xxx)
3. Indirect operating costs	(xxx)	(xxx)	(xxx)
4. Interest paid	(xxx)	(xxx)	(xxx)
5. Repayment of loan	(xxx)	(xxx)	(xxx)
6. Tax	(xxx)	(xxx)	(xxx)
Total Cash Out-Flow	(xxxx)	(xxxx)	(xxxx)
C. Net Cash (B-C)	xxx	xxx	xxx
E. Ending Cash Balance (A+C)	xx	xx	xx

10.3.8 Projected Statement of Financial Position

ITEMS	Year 1	Year 2	Year 3
1. ASSETS			
CURRENT ASSETS:			
Cash	xxx	xxx	xxx
Receivables	xxx	xxx	xxx
Inventories	xxx	xxx	xxx
Total Current Assets (A)	xxx	xxx	xxx
NON-CURRENT ASSETS:			
Land	xxx	xxx	xxx
Building	xxx	xxx	xxx
Machinery & Equipment	xxx	xxx	xxx
Office Equipment	xxx	xxx	xxx
Transport Equipment	xxx	xxx	xxx
Others	xxx	xxx	xxx
Total Non-Current Assets	xxx	xxx	xxx
<u>Less:</u> Accumulated Depreciation	xx	xx	xx
Book Value of Non-Current (B)	xxx	xxx	xxx
TOTAL ASSETS (A+B)	XXXX	XXXX	XXXX
2. LIABILITIES			
CURRENT LIABILITIES:			
Account Payable	xxx	xxx	xxx
Working Capital Loan	xxx	xxx	xxx
Total Current Liabilities (D)	xxx	xxx	xxx
NON-CURRENT LIABILITIES:			
Fixed Investment Loan	xxx	xxx	xxx
Retirement benefits obligations	xxx	xxx	xxx
Total Non-Current Liabilities (E)	xxx	xxx	xxx
3. EQUITY			
Owner's Equity	xxx	xxx	xxx
Retained Earnings	xxx	xxx	xxx
Current Profit	xxx	xxx	xxx
Total Equity (F)	xxx	xxx	xxx
TOTAL LIABILITIES & EQUITY (D+E+F)	XXXX	XXXX	XXXX

10.3.11 Break-even analysis

Identify at what point of quantity (units) or value (Nu) there is no profit or loss. The break-even point can be calculated using the formula:

$$BEP = \frac{\text{Total Fixed Costs}}{\text{Sales} - \text{Variable Cost}}$$

10.3.12 Pay Back Period

The payback period is the period required to recover the cost of an investment. It helps in determining whether to undertake project or not, as shorter the payback period more desirable the project becomes.

The formula to calculate payback period of a project depends on whether the cash flow per period from the project is even or uneven.

In case they are even, the formula to calculate payback period is:

$$\text{Payback Period} = \frac{\text{Initial Investment}}{\text{Cash Flow}}$$

When cash inflows are uneven, calculate the cumulative net cash flow for each period and then use the following formula for payback period:

$$\text{Payback Period} = A + \frac{B}{C}$$

Where,

A is the last period with a negative cumulative cash flow;

B is the absolute value of cumulative cash flow at the end of the period A;

C is the total cash flow during the period after A

10.3.13 Net Present Value

Net Present Value (NPV) is the value of the future cash flows for the entire project life discounted to the present. When the entrepreneur or investors have several projects to be undertaken or invest in, the project with highest NPV is considered best suited project in general.

The formula for Net Present Value is:

$$NPV_{XYZ} = \frac{Z_1}{1+r} + \frac{Z_2}{(1+r)^2} - X_0$$

Where:

Z_1 = Cash flow in time 1

Z_2 = Cash flow in time 2

r = Discount rate

X_0 = Cash outflow in time 0 (i.e. the purchase price / initial investment)

10.3.14 Profit margin

Profit margin is a commonly accepted measure of profitability. The relationship of profit to sales indicates the entrepreneur's ability to operate the business with sufficient success not only to recover all costs from revenues for the period but also to leave a margin of reasonable compensation to him/her for providing his/her capital at risk. It essentially expresses the cost/price effectiveness of the business operation. The ratio is also called percentage return on sales, margin on sales or net profit percentage.

$$\textit{Profit Margin} = \frac{\text{Earnings Before Interest \& Tax}}{\text{Sales}} * 100$$

10.3.15 Return on Investment (ROI)

ROI is a method of calculating the profitability of business. It determines how much money can be made on the investment as a percentage of the cost of investment. ROI can be calculated using the formula:

$$\text{ROI} = \frac{\text{Earnings Before Interest \& Tax}}{\textit{Initial Investment}} * 100$$

10.3.15 Financial assumptions

State assumptions made in arriving at the financial plan. It is important to make realistic assumptions, by considering the practice in credit sales, cash sales, credit terms and many other financial practices adopted in the area and in your industry.

Assumption 1

.....

Assumption 2

.....

Assumption 3

.....

Assumption 4

.....

.....

Annexure

Personal Entrepreneurial Competencies Self Rating Questionnaire

Instructions:

This questionnaire consists of 55 brief statements. Read each statement and decide how well it describes you. Be honest about yourself. Remember, no one does anything very well, nor is it even good to do everything very well. Besides that, your rating of the individual questions remains your secret and you may take this questionnaire home.

Select one of the numbers below to indicate how well the statement describes you:

- | |
|---------------|
| 5 - Always |
| 4 - Usually |
| 3 - Sometimes |
| 2 - Rarely |
| 1 - Never |

Write the number you select on the line to the right of each statement. Here is an example:

I remain calm in stressful situations

2

The person who responded to the question above wrote a “2” to indicate that the statement describes him /her rarely. Some statements may be similar but no two are exactly alike. Please answer all the questions.

SL #	Statements	Rating
1	I look for things that need to be done.	
2	When faced with a difficult problem I spend a lot of time trying to find a solution.	
3	I complete my work on time.	

4	It bothers me when things are not done very well.	
5	I prefer situations in which I can control the outcomes as much as possible.	
6	I like to think about the future.	
7	When starting a new task or project, I gather a great deal of information before going ahead.	
8	I plan a large project by breaking it down into smaller tasks.	
9	I get others to support my recommendations.	
10	I feel confident that I will succeed at whatever I try to do.	
11	No matter whom I'm talking to, I'm a good listener.	
12	I do things that need to be done before being asked to do so by others.	
13	I try several times to get people to do what I would like them to do.	
14	I keep the promise I make.	
15	My own work is better than that of other people I work with.	
16	I don't try something new without making sure I will succeed.	
17	It's a waste of time to worry about what to do with your life.	
18	I seek the advice of people who know a lot about the tasks I'm working on.	
19	I think about the advantages and disadvantages or different ways of accomplishing things.	
20	I do not spend much time thinking about how to influence others.	
21	I change my mind if others disagree strongly with me.	
22	I feel resentful when I don't get my way.	
23	I like challenges and new opportunities.	
24	When someone gets in the way of what I'm trying to do, I keep on trying to accomplish what I want.	
25	I am happy to do someone else's work if necessary, to get the job done on time.	
26	It bothers me when my time is wasted.	
27	I weigh my chances of succeeding or failing before, I decide to do something.	
28	The more specific I can be about what I want out of life, the more chance I have to succeed.	
29	I take action without wasting time gathering information.	
30	I try to think of all the problems I may encounter and plan what to do if each problem occurs.	
31	I get important people to help me accomplish my goals.	

32	When trying something difficult or challenging, I feel confident that I will succeed.	
33	In the past I have had failures.	
34	I prefer activities that I know well and with which I am comfortable.	
35	When faced with major difficulties, I quickly go on to other things.	
36	When I'm doing a job for someone, I make a special effort to make sure that the person is happy with my work.	
37	I'm never entirely happy with the way in which things are done, I always think there must be a better way.	
38	I do things that are risky.	
39	I have a very clear plan for my life.	
40	When working for a project for someone, I ask many questions to be sure I understand what the person wants.	
41	I deal with problems as they arise rather than spend time to anticipate them.	
42	In order to reach my goals, I think of solutions that benefit everyone involved in the problem.	
43	I do very good work	
44	There have been occasions when I have taken advantage of someone.	
45	I try things that are very new and different from what I have done before.	
46	I try several ways to overcome things that get in the way of reaching my goals.	
47	My family and personal life are more important to me than work deadlines I set for myself.	
48	I do not find ways to complete tasks faster at work and at home.	
49	I do things that others consider risky.	
50	I am as concerned about meeting my weekly goals as I am for my yearly goals.	
51	I go to several different sources to get information to help with tasks or projects.	
52	If one approach to a problem does not work, I think of another approach.	
53	I am able to get people who have strong opinions or ideas to change their minds.	
54	I stick with my decisions even if others disagree strongly with me.	
55	When I don't know something, I don't mind admitting it.	

PEC SELF-RATING QUESTIONNAIRE

SCORING SHEET

Instructions

1. Enter the ratings from the completed questionnaire on the lines above the question numbers within parenthesis. Notice that the question numbers in each column are consecutive, item No. 2 is below item No.1 and so forth.
2. Do the addition and subtraction in each row to compute each PEC score
3. Add all the PEC scores to compute the total score.

Rating of Statements										Score	PEC	
___	+	___	+	___	-	___	+	___	+	6 =	_____	Opportunity Seeking
(1)		(12)		(23)		(34)		(45)				
___	+	___	+	___	-	___	+	___	+	6 =	_____	Persistence
(2)		(13)		(24)		(35)		(46)				
___	+	___	+	___	+	___	-	___	+	6 =	_____	Commitment to Work
(3)		(14)		(25)		(36)		(47)				Contract

$$\begin{array}{ccccccccc} \text{---} & + & \text{---} & + & \text{---} & + & \text{---} & - & \text{---} & + & 6 = & \text{---} & \text{Demand for Quality and} \\ (4) & & (15) & & (26) & & (37) & & (48) & & & & \text{Efficiency} \end{array}$$

$$\begin{array}{ccccccccc} \text{---} & - & \text{---} & + & \text{---} & + & \text{---} & + & \text{---} & + & 6 = & \text{---} & \text{Risk Taking} \\ (5) & & (16) & & (27) & & (38) & & (49) & & & & \end{array}$$

$$\begin{array}{ccccccccc} \text{---} & - & \text{---} & + & \text{---} & + & \text{---} & + & \text{---} & + & 6 = & \text{---} & \text{Goal Setting} \\ (6) & & (17) & & (28) & & (39) & & (50) & & & & \end{array}$$

$$\begin{array}{ccccccccc} \text{---} & + & \text{---} & - & \text{---} & + & \text{---} & + & \text{---} & + & 6 = & \text{---} & \text{Information Seeking} \\ (7) & & (18) & & (29) & & (40) & & (51) & & & & \end{array}$$

$$\begin{array}{ccccccccc} \text{---} & + & \text{---} & + & \text{---} & - & \text{---} & + & \text{---} & + & 6 = & \text{---} & \text{Systematic Planning and} \\ (8) & & (19) & & (30) & & (41) & & (52) & & & & \text{Monitoring} \end{array}$$

$$\begin{array}{ccccccccc} \text{---} & - & \text{---} & + & \text{---} & + & \text{---} & + & \text{---} & + & 6 = & \text{---} & \text{Persuasion and Networking} \\ (9) & & (20) & & (31) & & (42) & & (53) & & & & \end{array}$$

$$\begin{array}{ccccccccc} \text{---} & - & \text{---} & + & \text{---} & + & \text{---} & + & \text{---} & + & 6 = & \text{---} & \text{Self Confidence} \\ (10) & & (21) & & (32) & & (43) & & (54) & & & & \end{array}$$

$$\begin{array}{ccccccccc} \text{---} & - & \text{---} & - & \text{---} & - & \text{---} & + & \text{---} & + & 18 = & \text{---} & \text{Correction Factor} \\ (11) & & (22) & & (33) & & (44) & & (55) & & & & \end{array}$$

PEC Self-Rating Questionnaire

Corrected Scoring Sheet

Instructions

1. The correction factor (the total of items 11, 22, 33, 44, and 55) is used to determine whether or not a person tries a very favorable image of himself/herself. If the total score on this factor is 20 or greater, then the total score on the ten PECs must be corrected to provide a more accurate assessment of the strengths of the PEC score for that individual.
2. Use the following numbers when figuring the corrected score:

If the correction factor is:	Subtract the following number from each PEC score:
25 or more	7
22 or 23	5
20 or 21	3
19 or less	0

3. Use the next page to correct each PEC score before using the Profile Sheet.

PEC SELF RATING QUESTIONNAIRE

	Corrected Score Sheet		
PEC	Original Score	Correction No.	Corrected Total
Opportunity Seeking	_____	_____	_____
Persistence	_____	_____	_____
Commitment to Work Contract	_____	_____	_____
Demand for Quality and Efficiency	_____	_____	_____
Risk Taking	_____	_____	_____
Goal Setting	_____	_____	_____
Information Seeking	_____	_____	_____
Systematic Planning and Monitoring	_____	_____	_____
Persuasion and Networking	_____	_____	_____
Self Confidence	_____	_____	_____
	Total Corrected Score		_____

PEC SELF RATING QUESTIONNAIRE

PEC Profile Sheet

	0	5	10	15	20	25
Opportunity Seeking						
Persistence						
Commitment to Work Contract						
Demand for Quality and Efficiency						
Risk Taking						
Goal Setting						
Information Seeking						
Systematic Planning and Monitoring						
Persuasion and Networking						
Self Confidence						

SIX-MONTH ENTREPRENEURIAL COMPETENCY IMPROVEMENT PLAN WORKBOOK

Instructions

Complete the boxes in the attached form as accurately and as detailed as possible. Your Current Score is based on your earlier score from the Self-Rating Questionnaires. Your Desired Score represents your goal within the next six months with respect to the competency. Try to be realistic as much as possible. Competency development does not happen overnight.

Under Personal Assessment, write clear and specific behavioral descriptions about yourself in as far as the competency is concerned. For example, under self-confidence, one might say that he/she gets nervous when talking to people with authority.

Under Planned Improvement Measures, write specific activities designed towards improving the competency. Following up on the self-confidence competency example, one might think of enrolling within the next two weeks in a self-confidence building course conducted by a reputable institution.

Under Possible Obstacles and How to Overcome Them, anticipate what might prevent you from carrying out the planned activities. List these anticipated blocks and think of measures to counter or overcome them.

Finally, under Measures to Take to Monitor and Assess Progress, describe the activities you plan to undertake that will provide you the feedback needed to measure the results. This will allow you to assess your progress and the plans implemented. One example is identifying a very trusted person and discussing your plan with him or her. Ask the person to assist you in monitoring your progress and give you concrete feedback.

Focus on all entrepreneurial competencies, namely:

- Opportunity seeking and seizing
- Persistence
- Commitment to work contract
- Demand for quality and efficiency
- Risk taking
- Goal setting
- Information seeking
- Systematic planning and monitoring
- Persuasion and networking
- Self confidence

COMPETENCY: OPPORTUNITY SEEKING	
Current Score (based on PECS – SRQ):	Desired Score After 6 Months:
Personal Assessment:	
Planned Improvement Measures	
1.	
2.	

3.

4.

5.

6.

Possible Obstacles and How to Overcome Them

1.

2.

3.

Actions to Take to Monitor and Assess Progress

(Cite simple ways of checking if planned measures were undertaken and if the competency changed for the better.)

1.

2.

3.

COMPETENCY: PERSISTENCE	
Current Score (based on PECS – SRQ):	Desired Score After 6 Months:
Personal Assessment:	
<p style="text-align: center;">Planned Improvement Measures</p> <p>1.</p> <p>2.</p> <p>3.</p> <p>4.</p> <p>5.</p>	

6.

Possible Obstacles and How to Overcome Them

1.

2.

3.

Actions to Take to Monitor and Assess Progress

(Cite simple ways of checking if planned measures were undertaken and if the competency changed for the better.)

1.

2.

3.

--

COMPETENCY: COMMITMENT TO WORK CONTRACT	
Current Score (based on PECS – SRQ):	Desired Score After 6 Months:
Personal Assessment:	
Planned Improvement Measures	
1.	
2.	
3.	
4.	
5.	
6.	

Possible Obstacles and How to Overcome Them

1.

2.

3.

Actions to Take to Monitor and Assess Progress

(Cite simple ways of checking if planned measures were undertaken and if the competency changed for the better.)

1.

2.

3.

COMPETENCY: DEMAND FOR QUALITY AND EFFICIENCY

Current Score (based on PECS – SRQ):

Desired Score After 6 Months:

Personal Assessment:

Planned Improvement Measures

1.

2.

3.

4.

5.

6.

Possible Obstacles and How to Overcome Them

1.

2.

3.

Actions to Take to Monitor and Assess Progress

(Cite simple ways of checking if planned measures were undertaken and if the competency changed for the better.)

1.

2.

3.

COMPETENCY: RISK TAKING

Current Score (based on PECS – SRQ):

Desired Score After 6 Months:

Personal Assessment:

Planned Improvement Measures

1.

2.

3.

4.

5.

6.

Possible Obstacles and How to Overcome Them

1.

2.

3.

Actions to Take to Monitor and Assess Progress

(Cite simple ways of checking if planned measures were undertaken and if the competency changed for the better.)

1.

2.

3.

COMPETENCY: GOAL SETTING

Current Score (based on PECS – SRQ):

Desired Score After 6 Months:

Personal Assessment:

<div>Planned Improvement Measures</div> <div>1.</div> <div>2.</div> <div>3.</div> <div>4.</div> <div>5.</div> <div>6.</div>
<div>Possible Obstacles and How to Overcome Them</div> <div>1.</div> <div>2.</div> <div>3.</div>

Actions to Take to Monitor and Assess Progress

(Cite simple ways of checking if planned measures were undertaken and if the competency changed for the better.)

1.

2.

3.

COMPETENCY: INFORMATION SEEKING

Current Score (based on PECS – SRQ):

Desired Score After 6 Months:

Personal Assessment:

Planned Improvement Measures

1.

2.

3.

4.

5.

6.

Possible Obstacles and How to Overcome Them

1.

2.

3.

Actions to Take to Monitor and Assess Progress

(Cite simple ways of checking if planned measures were undertaken and if the competency changed for the better.)

1.

2.

3.

COMPETENCY: SYSTEMATIC PLANNING AND MONITORING

Current Score (based on PECS – SRQ):

Desired Score After 6 Months:

Personal Assessment:

Planned Improvement Measures

1.

2.

3.

4.

5.

6.

Possible Obstacles and How to Overcome Them

1.

2.

3.

Actions to Take to Monitor and Assess Progress

(Cite simple ways of checking if planned measures were undertaken and if the competency changed for the better.)

1.

2.

3.

COMPETENCY: PERSUASION AND NETWORKING

Current Score (based on PECS – SRQ):

Desired Score After 6 Months:

Personal Assessment:

<div><div>Planned Improvement Measures</div><div><div>1.</div><div>2.</div><div>3.</div><div>4.</div><div>5.</div><div>6.</div></div></div>
<div><div>Possible Obstacles and How to Overcome Them</div><div><div>1.</div><div>2.</div><div>3.</div></div></div>

<p style="text-align: center;">Actions to Take to Monitor and Assess Progress</p> <p>(Cite simple ways of checking if planned measures were undertaken and if the competency changed for the better.)</p> <p>1.</p> <p>2.</p> <p>3.</p>	
COMPETENCY: SELF CONFIDENCE	
Current Score (based on PECS – SRQ):	Desired Score After 6 Months:
Personal Assessment:	

<p>Planned Improvement Measures</p> <p>1.</p> <p>2.</p> <p>3.</p>
<p>Possible Obstacles and How to Overcome Them</p> <p>1.</p> <p>2.</p>
<p>Actions to Take to Monitor and Assess Progress</p> <p>(Cite simple ways of checking if planned measures were undertaken and if the competency changed for the better.)</p> <p>1.</p> <p>2.</p> <p>3.</p>



Source:

Designed by Alberto P. Capati, Small Enterprise Development Consultant, 1998