Steps in the Entrepreneurial Process

1. Discovery
2. Concept Development
3. Resourcing
4. Actualization
5. Harvesting

Prepared by- Prof. A S. Hande
Department of Mechanical Engineering
Steps in the Entrepreneurial Process

1. **Discovery**: The stage in which the entrepreneur generates ideas, recognizes opportunities, and studies the market.

   Idea
   Innovation
   Opportunity
What is An Idea, Opportunity and Innovation?

An **idea** is a concept for a product or service that doesn’t exist or is not currently available in a market niche. It may be a brand-new concept or an improvement of a current product or service.

In contrast, an **opportunity** is an idea for a new product or service with a market that is willing to pay for that product or service so that it can form the basis of a profitable business.

**Innovation** is the process of making changes to something that adds value to customers.
What is an Opportunity?

An opportunity has four essential qualities:

- **Attractive**
- **Timely**
- **Durable**
- **Anchored in a product, service, or business that creates or adds value for its buyer or end user**
Three Ways to Identify an Opportunity

- Observing Trends: Jeans/Electric cars
- Solving a Problem: Energy problem
- Finding Gaps in the Marketplace: Electric cars
Discovery

Consider your hobbies or skills

Conduct Surveys and questionnaires – test the market

Consider consumer needs and wants

Study demographics/Market research
2. Concept Development:

- Develop a **business plan**: a detailed proposal describing the business idea

**Objective**

**Mission Statement**
Important Components of Business Plan
Executive Summary
Mission
Company Overview
Product
The Market
Marketing plan
Competition/competitors
Risk/Opportunity
Employees Management
Capital Requirements
Conclusion
Concept Development

- Choose business location
- Will a patent or trademark be required?
A **trademark** is a word, phrase, symbol or design, or a combination of words, phrases, symbols or designs, that identifies and distinguishes the source of the goods of one party from those of others.

A **copyright** protects works of authorship, such as writings, music, and works of art that have been tangibly expressed.

A **patent** for an invention is the grant of a property right to the inventor, issued by the Patent and Trademark Office.
Steps in the Entrepreneurial Process

3. **Resourcing**: The stage in which the entrepreneur identifies and acquires the financial, human, and capital resources needed for the venture startup, etc.

**Start-up resources**
Resourcing

Identify potential investors

Apply for loans, grants and assistance

Hire employees
Steps in the Entrepreneurial Process

4. **Actualization**: The stage in which the entrepreneur operates the business and utilizes resources to achieve its goals/objectives.

$$\text{Grand Opening}$$

Day-to-Day Operations
Steps in the Entrepreneurial Process

5. **Harvesting**: The stage in which the entrepreneur decides on business’s future growth/development, or demise

What is your 5-year or 10-year plan?

Consider adding locations or providing different products/services

Will you go public?
## Differences between entrepreneurship and wage employment career options

<table>
<thead>
<tr>
<th>WAGE EMPLOYMENT</th>
<th>ENTREPRENEURSHIP</th>
</tr>
</thead>
<tbody>
<tr>
<td>1. Work for Others</td>
<td>1. Own Boss</td>
</tr>
<tr>
<td>2. Follow Instructions</td>
<td>2. Make own plans</td>
</tr>
<tr>
<td>3. Routine Job</td>
<td>3. Creative activity</td>
</tr>
<tr>
<td>4. Earning is fixed, never</td>
<td>4. Can be negative sometimes, generally surplus</td>
</tr>
<tr>
<td>negative</td>
<td></td>
</tr>
<tr>
<td>5. Does not create wealth</td>
<td>5. Creates Wealth, contributes to GDP</td>
</tr>
<tr>
<td>6. Can choose from-</td>
<td>6. Can choose from-</td>
</tr>
<tr>
<td>Public Sector,</td>
<td>Industry</td>
</tr>
<tr>
<td>Private Sector</td>
<td>Service Enterprise</td>
</tr>
</tbody>
</table>
Invention VS Innovation

Invention can be defined as the creation of a product or introduction of a process for the first time.

Innovation, on the other hand, occurs if someone improves on or makes a significant contribution to an existing product, process or service.
## Types of Innovation

<table>
<thead>
<tr>
<th>Type</th>
<th>Description</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Invention</td>
<td>Totally new product, service, or process</td>
<td>Wright brothers—airplane&lt;br&gt;Thomas Edison—light bulb&lt;br&gt;Alexander Graham Bell—telephone</td>
</tr>
<tr>
<td>Extension</td>
<td>New use or different application of an already existing product, service, or process</td>
<td>development from the mainframe computer to the desktop, then laptop and more recently the notebook computer.</td>
</tr>
<tr>
<td>Duplication</td>
<td>Creative replication of an existing concept</td>
<td>the adaptation of the franchise from fast food industry to the education industry.</td>
</tr>
<tr>
<td>Synthesis</td>
<td>Combination of existing concepts and factors into a new formulation or use</td>
<td>The fax machine, the combination of existing technologies has given rise to a new product technique (telephone + photocopier = fax)</td>
</tr>
</tbody>
</table>
## Sources of Innovation Ideas

<table>
<thead>
<tr>
<th>Source</th>
<th>Examples</th>
</tr>
</thead>
<tbody>
<tr>
<td>Unexpected occurrences</td>
<td>Unexpected success: Apple Computer (microcomputers)</td>
</tr>
<tr>
<td></td>
<td>Unexpected tragedy: 9-11 terrorist attack</td>
</tr>
<tr>
<td>Incongruities</td>
<td>Music+ Mobile, Camera+ Mobile</td>
</tr>
<tr>
<td>Process needs</td>
<td>Online business, OLX</td>
</tr>
<tr>
<td></td>
<td>Fiber optics</td>
</tr>
<tr>
<td></td>
<td>Softwares</td>
</tr>
<tr>
<td>Industry and market changes</td>
<td>Health care industry, Energy conservatives products, Environment friendly products</td>
</tr>
<tr>
<td>Demographic changes</td>
<td>Old houses, Fair &amp; Lovely for men</td>
</tr>
<tr>
<td>Perceptual changes</td>
<td>Exercise and the growing concern for fitness, overweight was a risk factor</td>
</tr>
<tr>
<td>Knowledge-based concepts</td>
<td>Mobile technology; pharmaceutical industry</td>
</tr>
</tbody>
</table>
The Dark Side of Entrepreneurship

- The Entrepreneur’s Confrontation with Risk
  - Financial risk versus profit (return) motive varies in entrepreneurs’ desire for wealth.
  - Career risk—loss of employment security
  - Family and social risk—competing commitments of work and family
  - Psychic risk—psychological impact of failure on the well-being of entrepreneurs
Stress and the Entrepreneur

- **Entrepreneurial Stress**
  - The extent to which entrepreneurs’ work demands and expectations exceed their abilities to perform as venture initiators, they are likely to experience stress.

- **Causes of Entrepreneurial Stress**
  - Loneliness
  - Engagement /Immersion in business
  - People problems
  - Need to achieve
Dealing with Stress

- Networking
- Getting away from it all
- Communicating with employees
- Finding satisfaction outside the company
- Delegating
- Exercising Rigorously