

ENTREPRENEURSHIP
DEVELOPMENT

18 MBA 209

MODULE - III

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START UP: The action or process of setting something in motion.

DEFINITIONS: ① A small business that has just been started.

- ② Activities involved in starting a new business.
- ③ It is a young company that is just beginning to develop.

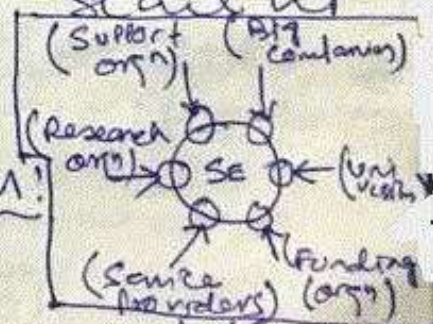
START UP ECO SYSTEM:

ECO SYSTEM: A complex network of inter connected systems.

START-UP ECOSYSTEM: A start up ecosystem is formed by people, startups in their various stages, & types of organisations in a location [physical/virtual] interacting as a system to create new start up companies.

ELEMENTS OF STARTUP ECOSYSTEM:

- ① Ideas, Inventions, Research.
- ② start up at various stages.
- ③ Entrepreneurs.



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- ④ Start up team members.
- ⑤ Angel investors.
- ⑥ Start up mentors.
- ⑦ Start up Advisors.
- ⑧ Other entrepreneurial minded people.
- ⑨ Third people from other organisations with start up activities.

ORGANISATIONS WITH STARTUP ACTIVITIES:

- ① Universities
- ② Advisory & mentoring organisations
- ③ Start up incubators
- ④ Start up accelerators
- ⑤ Co-working spaces
- ⑥ Service providers
- ⑦ Event organisers
- ⑧ Start up competitions
- ⑨ Investor networks
- ⑩ Venture capital companies
- ⑪ Crowd funding portals
- ⑫ Other funding providers

SOME REPUTED UNIVERSITIES ASSOCIATED IN DEVELOPING / MENTORING STARTUP ACTIVITIES:

- ① STANFORD UNIV.
- ② HARVARD UNIV.
- ③ CAMBRIDGE UNIV
- ④ MASSACHUSETTS UNIV.
- ⑤ INSTITUTE OF TECHNOLOGY
- ⑥ UNIVERSITY OF CALIFORNIA (Berkeley)
- ⑦ UNIVERSITY OF PENNSYLVANIA
- ⑧ CARNEGIE MELLON UNIV (Pittsburgh)

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FUNDING ORGANISATIONS:

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- ① CROWD FUNDING: It is similar to mutual funds on a basic level. Here more than one investor is involved & they offer fixed amount of money.
- ② SELF FUNDING: Also known as boot strapping. It is ideal when it is hard to convince others of your business plans. It is ideal when the initial requirement is low.
- ③ GET IN TOUCH WITH VENTURE CAPITALISTS: They offer you professionally managed funds who are looking for start ups those ^{are} having success potential.
- ④ ANGEL INVESTMENTS: There are individuals with surplus cash looking for investing in promising start ups & earn their share, once it grows to its potential. They can work alone or collectively in a network. Example - Google, (Alibaba is a result of Angel investing).
- ⑤ VENTURE CAPITAL: Ex - KALLARI CAPITAL (2006) for technology related start ups (founded by Vani Kola) from Silicon valley, Mumbai, Snap deal, Urban Ladder are result of venture capital. (Ketan TATA's investment in Urban Ladder).

VENTURE CAPITAL - 2 (Examples)

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- ① ACCEL PARTNERS: HQ - California (USA)
Exclusively for Health care, Education, Bio technology, Swiggy, (Taxi for sure)
- ② VENTURE EAST: Exclusively for Life Sciences, E-commerce
- ③ TIGER GLOBAL MGMT: ~~is~~ Invested in Apple, Google, online shopping, Flipkart,
- ④ NEXUS VENTURE PARTNERS: Invested in Cracksville, Shopclues etc.

SERVICE PROVIDERS:

- ① LAWYERS: (for incorporating the start up). (Intellectual Property & Trademark), (for start up fund raising).
- ② BANKS (for investor introduction).
- ③ ACCOUNTANTS (for making everyday accounting). creating accurate financial projection).
- ④ HR: for recruitment, HR Policies, Payrolls, benefits, wage payments etc.

SUPPORT ORGANISATIONS:

- ① ENTREPRENEUR'S ORGANISATIONS: Established in 1987, basically formed to share & discuss challenges from a mentor.

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② FOUNDER'S CARD: comprising Entrepreneurs innovators & business professionals which offers discounts on hotel travel, like style products.

③ YOUNG ENTREPRENEURS COUNCIL: meant for entrepreneurs below the age of 40, offers 24x7 assistance through forums, discounts on products & services.

④ YOUNG PRESIDENTS ORGN: founded in 1950, offers global education & net working opportunities, for those 45 & under & designed to help owners to build their own.

⑤ VISTAGE: committed to CEO & Executive coaching, leadership development, & business mentoring, comprising more than 20,000 leaders world wide.

⑥ DYNAMITE CIRCLE: It is a private community for entrepreneurs with established, successful & legitimate business that are net location dependent.

⑦ START UP GRIND: established in 2010, with more than 2,15,000 founders across 185 ^{Cities} ~~regions~~ & 80 nations for independent net works, which provides more than 100 events every month.

NEXT NOTES ON
START UP DEV. PHASE
FOLLOWS SHORTLY.

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START UP DEVELOPMENT PHASES:

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The five stages of start up development

- ① START UP: Every venture or endeavour starts with an idea. Hence this start up phase follows after the phase of seed & development. Where seed & development means ~~where~~ the business is just thought or idea essentially signifying the birth of the business.
- ② GROWTH: Reaching this phase means that your start up has a steady source of income & is taking new customers consistently. The entrepreneur should start noticing an improvement in the cash flow with a slow but steady upward movement in income. The challenges of this stage are time ~~imposed~~, management, customer's & competition.
- ③ ESTABLISHMENT: Reaching this phase means that the business has been successful in becoming a thriving company, that has a steady flow of income. Here customer base is needed to be expanded.
- ④ EXPANSION: This phase is characterised by growth into new markets & distribution channels. Every company at this stage tries to capitalise on newer possibilities marked by rapid growth in revenue & cash flow.

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⑤ MATURITY & POSSIBLE EXIT:

This phase is mostly marked by consolidation, where the entrepreneur is faced by a dilemma of having to choose between whether to keep expanding or make an exit, as operation become very complex at this stage because company has to make long & short term decisions.

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IDEATING: It is the process of forming & relating ideas often times in a business settings.

- It is used to describe the sequences of thought from idea generation to idea implementation.
- It is a creative process of generating, developing, & communicating new ideas.

Steps of Ideating: ① Look for your passion.

- ② Travel to new places. ③ Find out what bugs you. ④ Widen your perspectives. (Reading Articles, books, writing a journal, watching TED Talks. (TED - T-Technology, E-Entertainment, D-Design))
- ⑤ Be in a right environment. ⑥ Share your ideas. ⑦ Observe the world around you.
- ⑧ Stay informed.

CONCEPTING: [Concept - A Principle, or Idea]

5 Steps from concept to start up:

- ① IDEATION: (written at top)
- ② UNDERSTANDING THE COMPETITIVE ENVIRONMENT:
This step helps you understand your potential concept compared to direct competitors or those offering substitution in market place.

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③ ORGANISATION: This includes legally establishing the company & submitting the appropriate filings to various government agencies & organisations, i.e. determination of where to incorporate the start up.

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④ BRANDING & MARKETING: This process involves naming the company, securing the rights to trademark, the name & logo, obtaining an appropriate URL. It establishes the face or image of the company.

⑤ PITCHING: In this step the documents developed needs to be presented to investors to obtain the initial funding.

COMMITTING: (Means)
It involves four steps:

① CREATE SUCCESSFUL HABITS: The key element is to create daily habits that will draw you closer to your goal. Negative habits to be replaced with positive ones.

② BE ACCOUNTABLE TO SOME ONE: one can get valuable insight into the work as I knew the luxury of having someone else critique me as well as make creative suggestions or areas for improvement.

③ FOCUS ON SMALLER VICTORIES: focussing on smaller victories along the way gives self confidence required to forge ahead. & this process allows you to iron out shortfalls before larger goals.

④ DEVELOP AN INSATIABLE HUNGER: Successful people believe in them selves, they develop an inner resolve an inner dialogue that continuously feeds them with successful images, thoughts & beliefs.

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VALIDATING! (TO make something officially acceptable/Approved)

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→ Market validation is a series of conversations of people in your target market which are used to test a product concept against a potential target market.

→ It should always be done before introducing a product which should start much earlier in the process. It helps to understand the market better.

SCALING! It refers to the period in a start up's life when management & board feels like they can, systematically accelerate growth with confidence that the resources they put in will ~~grow~~ yield great & measurable results. It happens after

- ① Product market fit has been found.
- ② Search for a repeatable sales or customer acquisition model has yielded positive data's.

START UP BUSINESS PARTNERING!

It is development of successful long term, strategic relationships, between customers, & suppliers, based on achieving best practice & sustainable competitive advantage. In the business partner model, HR professionals work closely with business leaders & line managers to achieve organisational objectives.

Effective Business Partners have the following characteristics!

- ① The courage to speak up to managers & to hold a mirror up to the business.
- ② Influencing building relationships & communication skills.
- ③ Persistence, ④ Understanding of business.
- ⑤ The ability to translate the numbers into a business story.

START UP CULTURE: It is a work

Place ~~constructs~~ Environment that values creative problem solving, open communication & flat hierarchy. In a corporate culture core values are typically informed by the identity of the company including its mission statements products & customer service.

When it comes to building remarkable teams culture is the cause on four different levels.

- ① Materially, culture is the fabric of the relations between members
- ② Formally, culture represents the mostly unspoken rules that drive the organisation which influences the nature of team building.
- ③ It is the efficient cause of an organisation's psychology.
- ④ Culture represents the aims & purposes of the organisation. Goals shape the organisation by pulling it into existence.

CO-FOUNDERS: A person who in conjunction with one or two other individuals is instrumental in starting a business, charity or some other enterprise. Each person involved in the creation of the entity is considered a co-founder.

PREPARING TO LAUNCH: The steps are:
 ① make a business plan, ② secure appropriate funding, ③ surround yourself with right people, ④ find a location & build a website, ⑤ become a market expert, ⑥ building a customer base, ⑦ prepare for anything.

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FINANCING START UP! (Already written earlier)

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DIFFERENT STAGES OF FINANCING:

- ① SELF FUNDING: contribution from own pockets. Where fewer documentations, & less complexities.
- ② SEED CAPITAL: funds raised through friends, mentors, family, loans.
- ③ VENTURE: when the final products & services reach market.
- ④ SERIES A: Doesn't ask for extensive funding (mostly used for mktg, & improving brand credibility).
- ⑤ SERIES B: when the product is marketed & right & the customers are actually buying the product or services. Funds required to pay salary, hiring more staffs, improving infrastructure.
- ⑥ SERIES C: the start up can receive as many rounds of investment as possible. without any restriction. more investment means more equity.
- ⑦ IPO: when the start up decides to raise funds from public by selling its shares.

FFF! 96 Some one is struggling to raise investment from angel investors, the next fall back? FFF, finding which stands for FRIENDS, FAMILY, & FOOLS. Some one always can raise some funds from the source no matter how early some one is.

FOOL: fool investment basically means taking investment from people who are not friends & family & who are also not professional investors. In short they know nothing about start ups.

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ANGELS, VENTURE CAPITALS (Already notes given)
in this module.

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BUSINESS INCUBATION & PRINCIPLES:

BUSINESS incubation is a public/private entrepreneurial economic & social development process designed to nurture business from idea generation to start up companies & through a comprehensive business support programme which helps them to establish & accelerate their growth & success.

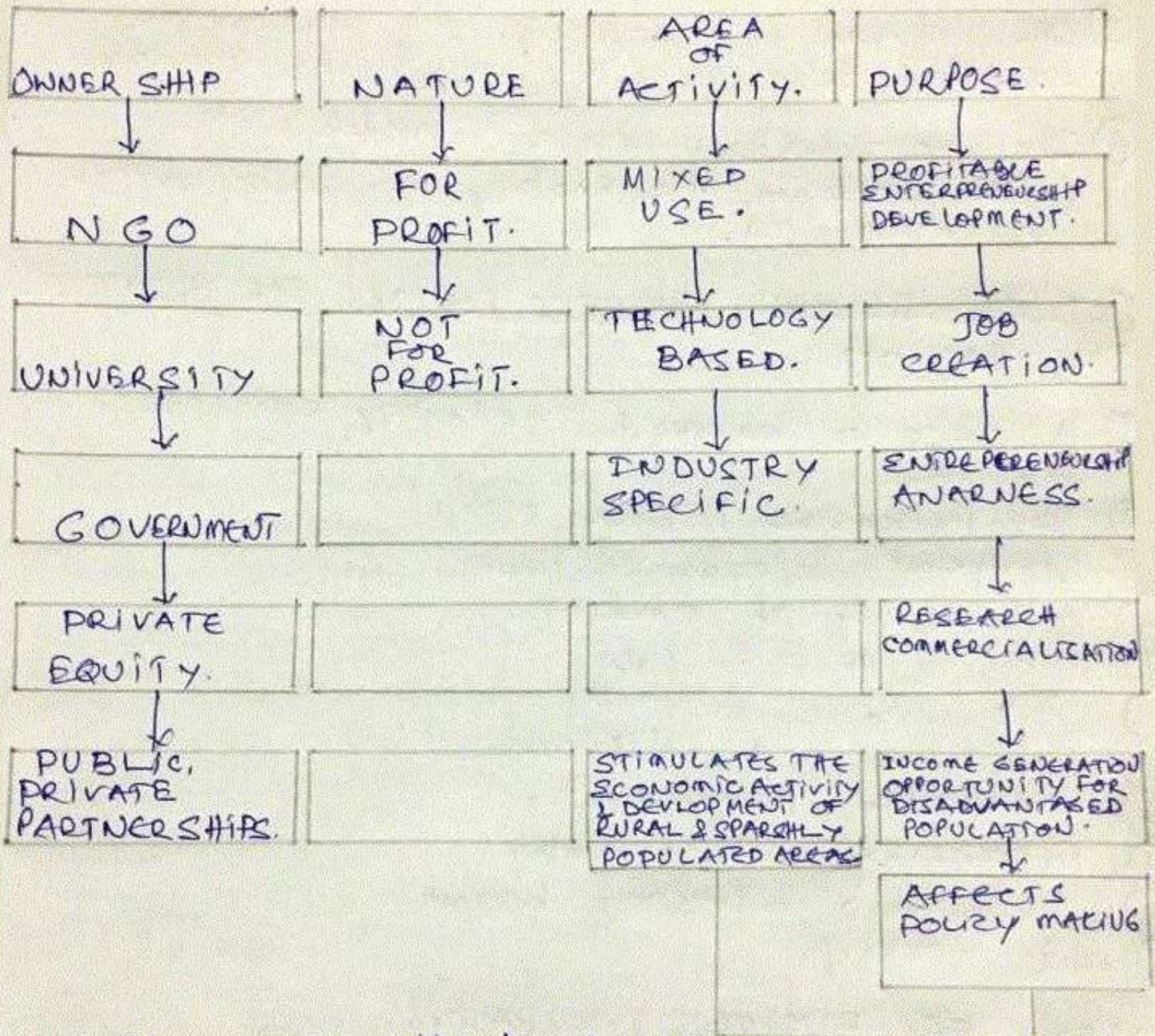
BUSINESS INCUBATOR: It is a physical space or facility that accommodates a business incubation process.

PRINCIPLES: ① Realize the incubator itself is a dynamic model of a sustainable & efficient business operation & must be managed as a business like organization.

- ② Focus the energy & resources of the incubator on assisting companies throughout their growth process, thereby maximizing the companies chances of success & their positive impact on the community economy.
- ③ Develop a sophisticated range of services & programmes directed at companies according to their needs & stages of development.
- ④ Develop a network that the incubator can rely on.

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BUSINESS INCUBATOR MODEL!



Variables that affect the business models & incubator might opt for:

- ① The ownership of the incubator, which may produce difference in metrics & reporting processes

- ② The nature of incubator (Profit or non profit).
- ③ The area of activity of the incubator, whether serving all or specific industry.
- ④ The incubator's main ~~model~~ purpose (Job creation, technology, generating export revenues etc).

SET OF ELEVEN SUCCESS FACTORS FOR BUSINESS INCUBATION:

- ① Access to Science & Technology expertise & facilities.
- ② Comprehensive business plan
- ③ Stringent selection criteria.
- ④ Availability of funding.
- ⑤ Quality of enterprise.
- ⑥ Stakeholder's support.
- ⑦ Supportive govt policies.
- ⑧ motivated management.
- ⑨ Financial sustainability.
- ⑩ Experienced advisory board.
- ⑪ Net working.

ROLES OF BUSINESS INCUBATORS:

- It supports the development of start ups by providing them with advisory & administrative support services.
- It helps to produce successful & financially viable firms that can survive on their own.

FINANCE: It helps to save on operating cost.

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- common companies can share the same facilities to save overhead expenses, such as utilities, rentals, & local transit services.
- they can refer them to Angel investors & venture capitalist.

MANAGEMENT: Incubators can tap the network of retired executives & experienced entrepreneurs who can provide management guidances & operational assistance.

Ex - A biotechnologists can take help from a retired pharma industry executive & hence startup retain retired pharma executives & hence startup retain retired executives on their board.

Synergy: The close working relationships between an incubators startup create synergies. Even after startup leaves incubators, the network developed remains for a longer period of time.

Economy: Incubators assist in creating long lasting jobs for their host communities, by utilizing experienced & mid career personnel & veteran executives, which drives economic growth. They also help in transferring technology.

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