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Entrepreneurship



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Part I.- Entrepreneurial spirit

Entrepreneurial spirit plays an important role in the establishment and growth of the company. Due to the large number of expenditures, the start-up of an entrepreneurial activity can be a modest beginning, with the entrepreneur's personality correlating. Entrepreneurial activity is an activity that aims to create a new product, new process, or a completely new market, to create a completely new organization. Entrepreneurial opportunity can be derived from leading an existing product into a new market. We can create a new product on the existing market or chain together: new product / service in a new market. The entrepreneur behaves according to what he believes and has. Opportunities have to take into account the high uncertainty the business leader has to judge whether he or she can survive this or not. Although doubts can undermine the entrepreneur's actions at a minimum. It depends on the person, his knowledge, his motivation, and the will that he can overcome the uncertainty.

The McMullen-Shepherd model shows how knowledge and motivation influence entrepreneurship. In the first part, the individual realizes the possibilities. In the second part, the individual must decide to present these options. Entrepreneurs should identify the opportunities that they are worthy of. This is entrepreneurial thinking.

How do entrepreneurs think?

The entrepreneur's thinking is different from non-entrepreneurs. Entrepreneurs have to make a decision even in high uncertainty where there is high risk, finite time limit and significant emotional investment. The entrepreneur's decisions are influenced by his environment: think structurally, take part in the activity, realize his thoughts, and be able to adapt to cognitive behavior.

Structural thinking: opportunities often require creativity. A link between the new product and the target market must be established.

Conscientious work: businesses often lack resources. Combine existing resources with new problems and opportunities. Process:

1. Take Existing Resources, Experiment
- 2, Eliminate Mistakes
- 3, 4. Re-Pack,
5. Conversion.

Realization: corporate leaders are taught rational thinking. This is an alternative way that is sometimes used especially when decisions are to be made. The process is:

- to analyze long-term opportunities,
- to search and select the target market,
- to identify the segmentation variables and the market,
- to develop the profile by segment,
- to evaluate the different segments,
- to select target segment,
- Identify possible positioning concepts according to the target segment,
- Select, develop and communicate positioning concepts,
- Design marketing strategy,
- Design marketing program,
- Organize, implement and control marketing.

Cognitive Adaptability: Determines how dynamic the companies are, how flexible they are, how they can control themselves, and how committed to their decision-making process. The decision-making system is based on the situation and the knowledge of people. We can achieve this by asking ourselves questions: intellect, relationship, strategy, and reflection.

Intent on entrepreneurship

Entrepreneurs intend to deal with certain opportunities, enter new markets and offer new products. Generally, the stronger aspiration to participate in the operation increases performance. It has been studied that background material ensures that some people understand how entrepreneurial activity is and can be implemented and / or attracts. High self-efficacy leads to increased initiative and perseverance and improves performance. Low self-efficacy reduces power and performance.

Entrepreneurial background and feature

Education: It is important to educate and teach entrepreneurs. The entrepreneur is able to cope with his problems. Finance, strategic planning, marketing, and management training are needed. Development of communication capability. General education and experience

develops entrepreneurial skills, expertise and problem-solving skills that can be used in different situations.

Age: It is important to distinguish between the entrepreneur's age and his actual age. Entrepreneurial experience is one of the best predictions for success.

Work history: affects the decision to create a new business. It plays a role in growth and ultimate success. Leaving the old job or dissatisfaction may also cause the foundation of a new business. experience in finance, product development, production and sales channel development.

Example image and support system

The role model provides important signals that make the company feasible. The role models serve as supporters, as mentors while launching the new business. The support scheme is perhaps the most basic thing in the start-up phase, which provides information, advice and guidance just as well as organizational structure, acquisition of the necessary financial resources and marketing.

A network of moral support: an individual who provides psychological support to the entrepreneur. A cheerful team (family, friends) has a critical role to play. They provide support, understanding and assistance.

Professional support network: an individual who helps the entrepreneur in business. Such as: mentor, business associates, trading partners or personal relationships.

Sustainable business

Sustainable development is perhaps one of the most important problems, but this can also have a positive impact on entrepreneurship. Sustainable entrepreneurship focuses on the preservation of nature, supports life, and the community strives to exploit perceived opportunities to advance the product, process, and service in return for profit, where profits are broadly understood, including economic and non-economic benefits for the individual, economy and companionship.

Internal business

Interest, entrepreneurial activity within an existing enterprise is intensified by the social, cultural and business aspects of diverse events. On the social level there is growing interest in "doing what you want" and "your own ideas". Lack of sense of freedom leads to a lower-productivity of the individual, or even leave the organization and look-for another organization in the hope of achieving self-realization.

An internal business is an incentive method for the creative employees and a profit-making opportunity. Recognizing the fact, it is important for a business to maintain entrepreneurial spirit in order to innovate and develop and grow. This has led to radical changes in management thinking.

The internal enterprise is reflected in the orientation of entrepreneurial activities and top management. These entrepreneurial aspirations include 4 key elements.

- *Start a new business*: to establish a new business within the existing business.; creating a new value, reconsidering current products and services or creating new, autonomous, semi-autonomous firm.
- *Innovation*: products and services innovation, putting emphasis on development and innovation in technology
- *Self-renewal*: transformation of the organization through the renewal of key ideas. Strategic and organizational change, incorporating the re-design of the business concept.
- *Proactivity*: initiative, risk taking, strong racing and boldness, which in part characterizes orientation and top management's activity. The proactive organization take risk by carrying out experiment, initiates, reckless and aggressive in order to overcome the potential.

It is also important for existing businesses to seize opportunities, but the main challenge here is for management to create an environment that encourages employees to think and act in an entrepreneurial spirit.

Leadership vs. entrepreneurial decision making

The characteristics of entrepreneurial management differ from the traditional management in 8 aspects, which are:

(1) strategic orientation, (2) commitment to opportunities, (3) resource commitment, (4) resource management, (5) management structure, (6) reward philosophy, (7) growth orientation, (8) enterprise culture.

1-2. Commitment to strategic orientation and opportunities

The two most important factors that help distinguish entrepreneurship from companies traditionally managed, strategic issues, strategic orientation and commitment to opportunities.

Strategic orientation refers to factors that influence the company's strategy. It helps to make strategic decisions and helps shape how the world sees the company and the company itself.

Entrepreneurial management strategy is driven by new entry options and managers are less concerned about the resources that may be needed to capture. Resources do not act as a limiting factor for strategic thinking of companies.

In contrast, traditional management strategy aims at the efficient use of resources. Therefore, the type and amount of resources available to the enterprise (or easily accessible) are a key starting point for the company's thinking about the future of the company.

We can distinguish entrepreneurial spirit and traditionally managed companies in terms of commitment to opportunities.

They also engage in entrepreneurial spirit with the opportunities they can quickly capture, so they know most about the situation.

They are also able to cut funds away from the opportunities if, according to the feedback, they do not serve the interests of the company, the management will "close the tap" and withdraw the subsidy.

Conversely, traditionally managed companies tend to put emphasis on information and data derived from collection and analysis. It is much larger than initial investment and will remain in the long run in business.

3-4. Resource commitments and control of resources

As they have entrepreneurial orientation in terms of their commitment to resources, they focus on opportunities. Entrepreneurs strive to invest minimal resources to capture opportunities and to minimize the risk of failure. This is accomplished by always investing a small amount in several steps. These are so-called. they can be regarded as trials that provide important information about the future in an unstable environment. The company can change direction flexibly and quickly if needed. This way you can avoid the timely stop of the loss process.

By contrast, traditionally managed companies, decide that resources are made available by an option, they do so greatly.

Given its large amount of liabilities, the company often feels forced to confirm its first decision to its commitment, so its initial commitment gets momentum, which maintains the status of a continuous resource commitment.

Traditionally and entrepreneurially managed companies, they also differ from each other in how to control the resources. Entrepreneurship-led firms are less concerned about resource ownership and are interested in how they can access resources, including financial and intellectual capital, skills, and competences. Access to resources is also possible, and the entrepreneur and the owner of the invested resources will also benefit from it.

Conversely, traditionally managed companies concentrate on acquiring additional resources. They believe that if they control their own resources, they will remain self-reliant.

5-6. Management Structure and Rewarding Philosophy

An enterprise with an entrepreneurial orientation is organic in the management structure. That is, in the organizational structure there are only a few hierarchy levels between the top management and the buyer, and typically more informal communication channels are available. Thus, entrepreneurial companies can communicate with the outside environment.

Conversely, the traditionally managed business structure is capable of effectively distributing controlled resources. There is a regular hierarchy with clear roles and responsibilities, workflows routinely, and middle management directs employee resource utilization. It typically focuses on internal efficiency rather than changes in the outside environment.

Companies are determined not only by their structure but also by their reward system. Entrepreneurial businesses focus on seizing the new opportunities that represent a new value for companies. Entrepreneurial reward is based on the fact that employees are rewarded accordingly by making their attempts to make new opportunities through their freedom.

Traditionally managed companies reward managers and employees on the basis of their responsibilities, where responsibilities are typically determined by the amount resources they have under their supervision.

Promotion is a reward that provides additional resource management and additional rewards.

7-8. Growth orientation and entrepreneurial culture

A company with an entrepreneurial orientation toward growth is looking forward to the fast-paced expansion and expansion of the size of the company.

Conversely, traditionally managed companies are also keen on growth, where growth is slow and steady, and it is deliberate. That is, "manageable" growth is a step and not "the company concerned" by risking the company's controlled resources.

We can also differentiate between entrepreneurship and the traditional company based on culture. Firms with entrepreneurial orientation, in terms of culture, encourage employees to create and address new ideas that lead to creative results. Such results are highly valued by corporate management, as they are often the source of new business opportunities. In the entrepreneurially managed companies, opportunities are at the center.

Conversely, traditionally managed companies, firstly, look at controlled resources, which are also reflected in organizational culture. So the traditionally managed enterprise is also interested in ideas, they are mostly around the available controlled resources and are limited to these.

Culture in internal businesses

The creation of an entrepreneurial environment within an existing enterprise requires the presence of many factors and characteristics.

1. The organization acts on the boundaries of technology, that is to say, exploit the knowledge that technology has achieved. Research and development is a key source of successful new product ideas, the company needs to apply cutting-edge technology, encouraging and supporting new ideas.
2. Entrepreneurship encourages experimentation - so-called. *trial and error method* - that is, either you succeed or not and learn from error. Successful new products or services are generally not fully developed, but are constantly evolving. Businesses managed in an entrepreneurial spirit want to create an environment where error and failure are allowed in developing new and innovative products. This is completely opposed to the career and promotion system of the traditionally managed organization. Almost every entrepreneur has experienced at least one failure to successfully undertake, ie without any failure.
3. Entrepreneurial companies will eliminate all barriers to creativity in the new product development process and capture opportunities for the new business.
4. Entrepreneurial companies make the resources available for experiments such as money and time. Often, in the case of insufficient capital, it does not support the creation of new things, but rather relegates to the solution of the problem, divides the available capital, which will immediately affect on the bottom line
5. Entrepreneurship companies will compile and stimulate a R & D unit consisting of multiple sciences to work on the launch of a new business. The new open attitude, with the construction of a typical entrepreneurial structure, is completely opposed. An assessment of the success stories of an internal company showed that one of the keys to success was "the presence of a small group where important people work differently from the traditional one on

the given project." The promotion of team members is based on their performance in their current position.

In addition to encouraging teamwork, the entrepreneurial environment must ensure the success of the whole program in the long run. If a company is unwilling to invest money, there is no guarantee that it will be return within 5 to 10 years, in which case it would not be necessary to experiment with the creation of a corporate environment.

6. Entrepreneurial spirit is not to be forced on individuals; it works on a voluntary basis. There is a difference between corporate and entrepreneurial thinking. Often the individual performs better than the team. Most managers in the business cannot become successful entrepreneurs. In developing new products, different departments and individuals are involved in each development process. Individuals are willing to spend more time and effort in order to create a new business and will do everything to ensure the success of the business.

7. Entrepreneurship firms create reward systems that support creativity, risk taking, and even failure. Entrepreneurs need to be rewarded, investing in a new venture for all their energy and effort and risk-taking. Rewarding must be based on the achievement of the set goals.

8. The entrepreneurial environment is conducive to businesses, sponsors and supporters across the enterprise that not only support their creative activities but are flexible in setting new goals. The success of a business lies in the fact that an entrepreneur can change a plan at his discretion and not worry about how close he is to achieving the goals he has previously set.

9. Finally, perhaps the most important is the full support of top management in entrepreneurial companies. Without the support of top management, the entrepreneurial environment could not be created.

Leadership characteristics of entrepreneurs

Within the corporate environment there are certain unique features that have helped the entrepreneur succeed. These are: Understanding the environment, creating visual and flexible leadership, encouraging teamwork and open discussions, building coalition sponsors, and ultimately, last but not least, enduring.

The entrepreneur needs to understand all aspects of his environment. To create a successful business, an individual must be creative and have a broad knowledge of the company's internal and external environment.

A person who wants to create a successful new business needs to become a visual - that is, to dream a great deal. Martin Luther King, Jr., said, "I have a dream," and this dream was so articulated that thousands of people followed him in his efforts against the many obstacles. That is why the concept of dream is important because it encourages the individual to create a positive future that he ultimately creates and reaches. The entrepreneur has to overcome the obstacles by "selling" his dreams to others.

Furthermore, it is important that the prospective leader is flexible and creates leadership opportunities. It should be open and encouraged. The entrepreneur has the opportunity to create something new in the organizational structure. A good leader rather than a danger would be more likely to see changes.

The fourth feature is equally useful when the leader encourages teamwork and a multidisciplinary approach. In compiling a new business, the compilation of different skills requires a sound organizational structure and a reassessment of the reporting systems. A leader will be a leader if he is also a good diplomat.

It should be noted that encouragement to open debate is important for the company as well, as it creates a team who can create something new. It is worth noting that there are two types of conflicts in the interaction of the team: the conflict is now emerging as the sign of the task and thus reveals the information needed to increase the performance of the task. The other is the conflict of relationships where the debate becomes personal and this impedes efficiency. With this in mind, it is important for the leader to try to avoid contact conflicts. A successful new business within a well-established company can only develop if the team does not agree and will criticize an idea for the best solution. The degree of openness among the members of the team depends on how open the company is.

Openness also leads to a strong coalition of supporters. The entrepreneur needs to instill and strengthen team members, especially in difficult times. A good corporate entrepreneur makes everyone a hero.

Finally, endurance is important. When creating any new company, it is inevitable to find disappointment and a lot of obstacles. You can only keep up with your new venture and create successful commercial results.

Problems and successes

Entrepreneurial activity cannot exist without problems. The company may have difficulties in maintaining a long-term commitment, a lack of autonomy in decision-making or the limited environment.

To overcome these problems is a perfect example of 3M, Minnesota Mining and Manufacturing. The company allows employees to spend one hundred percent of their time on separate projects.

One of the most successful entrepreneurial activities was the development of Post-It Notes by Arthur Fry. The 3M chemical engineer knew that a scientist, Spencer Silver, had an adhesive that had a very low adhesive strength, which was bad for the company. This feature, however, was perfect for Fry's problem: an easy-to-glue adhesive labeling cetli provided a good solution.

IBM has also determined that entrepreneurship will stimulate growth in the company. The company has developed an independent business unit concept in which each unit is a separate small organization with its own mini-management.

The solution, as the example models demonstrate, requires a strong organizational support system and an incentive and reward system for team members.

Learning from failures

A new project, venture or a new business model is being created, and sometimes they are not designed to meet the business, they do not achieve their goals and as a result they cease to exist. This is a learning opportunity. By learning why an entrepreneurial initiative is unsuccessful, it will result in entrepreneurs in the future to avoid these mistakes and / or to do a better job. A proverb teaches it is easier to learn from our failures than our success. However, this is not so easy, as there are strong negative emotions. While these negative emotions disturb the learning process, people who are quicker to overcome failure may learn faster and more effectively from their experience and are often motivated to try it again.

Individuals who use the dual process model to deal with negative emotions can go back much faster than the initiative's failure. This dual process model requires two alternative approaches to loss.

The first is the loss orientation, which includes focusing on the loss event. Individuals are now looking for friends, family, or psychologist to talk about negative emotions caused by failure. But a longer period of concentration on the brain can deepen these emotions, which can only make the current situation worse. This negative cycle may be interrupted with the second alternative.

Second, *restoration orientation*. This involves thinking about failure and focusing on addressing secondary problems arising from failure. This "interfering factor" decreases the short-term level of negative emotions, and proactivity against secondary problems helps reduce the enormous feeling of failure.

So, the essence of the dual process model is, that the entrepreneur can benefit from both orientations, while minimizing negative emotions that are too long.

New entry

In this section we can read about entering the market. Whether you are entering a new market or an existing product or a new product, you have your own advantages and disadvantages. The novelty benefits the competition, but it also creates challenges. The value of the new product is still unsatisfactory, it requires more research and work to succeed.

The entrepreneurial strategy carries a series of choices that will affect the company's everyday life.

It is important for a new entrant to maximize its benefits and minimize its disadvantages.

The *entrepreneurial strategy* has three key elements:

- Finding a *New Entry Opportunity* (Knowledge, Research, Grouping Resources, Assessing New Entry Options)
- Taking *advantage of new opportunities* (access strategy, risk reduction, organization)
- *Feedback*

The generation of new entrants is the result of combined knowledge and research. (should be rare, precious and difficult to imitate).

If they believe the new market is sufficiently attractive then the company's action depends on its strategy.

Resources, research to get competitive advantages.

At a new entry, the company hopes that sustainable competitive advantages will be provided by the power of novelty. By finding sustainable competitive advantages, we can ensure a long-term growth for our business. Resources are the basic elements of a company's operation and performance.

Resources are inputs into firms's production process, (skilled employee, equipment, capital) Which can be combined in many ways.

Highly skilled workforce, is an important resource. but the impact of this resource is magnified when viewed at the organizational level. (Communication, Teamwork, Innovation)

To gain long lasting benefits, resources must be valuable, rare and difficult to duplicate.

Resources:

- valuable
- they can take advantage of opportunities
- reduce the risk
- products offer services that are valuable to customers.
- It is rare compared to its competitors.
- It is difficult to imitate competitors.

It is important to work with resources that bring value to the marketers. As an example, the writer's "breathing" technology of running shoes was introduced. By creating this technology, it offered a new, difficult-to-copy solution to the benefits of the company.

We call the entrepreneurial resource the ability to combine resources that are valuable and rare and difficult to copy. All of these are based on knowledge that is valuable in itself. This knowledge can be gained through experience, and is there in all business, management and employees. This knowledge is sometimes difficult to give.

Knowledge is important in compiling resources that can make your business a long life.

Experience shows that outsiders come up with the most radical innovations.

Market knowledge explains how well the entrepreneur knows about the market. Knowing the market is essential to produce goods. The point is for the entrepreneur to share the knowledge that he has received from the product as a recipe. This knowledge is deeper in market surveys.

Smooth market surveys are not as effective as customers often fail to address the deeper issues of a product and rarely express their wish for something new.

Entrepreneurs who do not have their market knowledge are less able to meet buyers' needs and exploit opportunities.

Technology background

New access is also an important component of technological knowledge. Technological knowledge, whether the entrepreneur possesses the ability or knowledge to create a new one. This is the basis for a new entry opportunity. It can lead to technology is basis for new entry even though its applicability is unknown yet.

By doing so, we can create a brand new market, or have been unknown to the market. It can be derived from researchers, individuals without any economic purpose. But it can also be implemented in a predetermined development of a specific product.

Information on new entry

The entrepreneur must decide whether to invest or not. This decision also depends on the availability of in-formations and how willing it is to decide whether or not to provide adequate information. It should start with the evaluation task. You need to collect any information that may affect your entry. In order to obtain long-term information, you have to decide on the proper use of resources and on how to proceed (development, product improvement to better meet the needs of consumers) and obtain information.

Of course, there is a price for getting information that the entrepreneur has to pay.

Window options

It includes the period when the economic conditions are favorable for a new entry or exploitation of the opportunities.

When you have the opportunity to enter, the economy is beneficial for a new product or service.

When it is closed, any step can lead to a series of problems. (it can have a negative impact if we are moving towards satisfying consumer needs or not)

Entry strategy

Advantages of the first step:

- Cost-effectiveness
- Fewer competitors
- Provides important channels
- Better customer satisfaction
- Many experiences are gained during the introduction

Disadvantages:

- Economic stability is not ensured
- Customer reactions can not be calculated
- Respond quickly to the obstacles that arise

Success Factors:

The requirements are met if the business is successful in the market and can provide stability for the company. The uncertainty of demand is decisive in success. Its change determines the operation of the business, so good assessment is important. We need to look at the size of the market you want to cover and how much you can anticipate.

Technological uncertainty:

There are many uncertainties about new technologies.

If the market does not accept the new product as expected or if uncertainties arise during the operation, it may have a serious financial implication. Delayed entry can be a solution to this problem. (we can observe how the market responds)

Adaptation.

The entrepreneur must adapt to the new economic environment. It is important for the company to respond well to changes in the market. This may even have survival, as if they do not follow the new market situation, they can easily be disadvantaged.

Consumers' insecurity:

Knowing consumers can create difficulties for the business.

It is important that the product is valuable, new to them. With a new product, this can easily be met, but if you are not approaching the right side, you may encounter a number of problems.

Consumers can, however, be influenced by good marketing, providing information on the new product may be decisive. On the one hand, you may be interested and provide feedback on how valuable the new product or service you want to be introduced. (so we may consider it worthwhile to market it in its form)

Benefits / Disadvantages of introductory period and first entrants:

The first venture to enter the market has initial benefits. but they can very easily disappear unless the entrepreneur can stop his competitors so that they can enter the same market.

The lead-time period provides a limited competitive environment, so the company has the opportunity to prepare for a later competition and the contractor is able to connect the product closely with his name. This period may be extended if he or she first rolls in to the new entrant.

Obstacles / what can a company do to stay on the market alone:

1. build customer loyalty - so that the buyer can connect the product to the company, so if you hear the name of the product you will identify it with the company
- 2 Making Payout Programs and Benefits That Force Your Buyer to Avoid A Change There are a lot of extra benefits and more if you switch to another product
3. preserving the uniqueness of the product □ business secret, creating a commercial brand, patent
4. Provide access to important supplier and distribution sources □ If you are able to provide key suppliers and distribution sources (which are only delivered to this one), competitors will be forced to choose less suitable sources

If the entrepreneur can build these barriers, the degree of competition decreases, as they lower prices, increase marketing costs and result in less profits.

Although competition is not always bad, as it may increase your company's performance, it may create incentives for creating and creating more value, which may be reflected in lower prices and quality. If the company can create a new value for customers, more customers will be able to emerge on the market, thus gaining greater customer base and breaking international markets. In addition, competition within a given industry can lead to positive development.

Overall, first entrants need to allow some competitors to enter the market so they know how to share the initial cost of introducing a new product and then work together to create constraints that prevent further potential competitors from entering.

Risk mitigation strategies for developing new entry

Entry to the market has a huge risk for the company, the owner and the company.

The risk is the possibility and the magnitude of the loss that may lead to bankruptcy. The risk here is the improper knowledge of market needs, the lack of technological development, and the lack of knowledge of competing actions. Different strategies can be developed for these, which can reduce the incurred losses.

There are 2 main strategies in the market, one for the market vision, and the other is called a follow-up strategy.

1. Market Vision:

Within this, we distinguish between two types of strategy, narrow-minded, and wide-ranging strategies.

• Narrow-minded strategy:

- tight product range
- a narrow customer group
- meeting specific customer needs
- Focus on high quality of the product
- focuses on a special group of buyers,

Disadvantages:

Customers do not always appreciate the so-called product development, ie they refuse to pay a higher price for the high quality of the product but pay more for the larger companies. The segment that this strategy is targeting and the boundary between mass production is not always clear, and therefore offers little protection against competition, as if a product with a narrow market framework is attractive, it can also be an incentive for larger companies to develop this product , and they make up for this part of the market.

Although this strategy may sometimes reduce the risks of competition, but it is susceptible to other types of risk, for example, that market demand is not as expected and is constantly changing over time.

Wide-ranging strategy:

- It is also called a portfolio approach,
- to overcome the uncertainties of different market segments
- this is the way to ensure a wide range of products
- By providing a wide range of products, you can determine which products sells to generate more profits so you can filter out unsuccessful products and focus only on those markets that are more successful
- this strategy offers companies the opportunity to break into different competitive fronts

2. Imitation / follow-up strategy:

This is another strategy to minimize the costs of new entrants. It involves taking over the practice and the operating bases of other companies, either because of the quality of immateriality within the same or related industry. The essence of the imitation strategy is to be copied.

Taking the practice of other companies offers a number of competitive advantages.

Entrepreneurs find it easier to follow a successful company than to go through a process based on making decisions that do not contain the perfect information. / Go through a new procedure that is based on unsatisfactory information

This strategy evokes your own cognition, discovery.

It helps entrepreneurs to develop the skills they need to succeed in the industry. So take it more than elaborate processes / methods that could not be used efficiently later. In essence, this is a mechanism that allows an entrepreneur to jump one step and to cut it straight into the middle. (he does not need to develop a new strategy to throw his product away)

Imitation ensures organizational legitimacy. If the entrepreneur is presented as a well-functioning company, it is likely that buyers will perceive it as well. Strategy is a means of winning prestige and status. Buyers feel much better when they are doing business with companies that they are well-functioning, well-funded, and ultimately a prestigious company. This is especially true for service providers.

Types of imitation strategy

- *Franchise system:*

The companies joining the system will acquire the tried and tested forms and methods developed by the franchisee. For example, an entrepreneur will enter the fast-food market - McDonald's fast-food chain owners - he will set up a restaurant in a new geographic location. The entrepreneur gets the strategy they use and is well-versed and can benefit from the established customer needs, that is, they get the customer base, the protected name, products, access to marketing, market and administrative matters. The risk of entry is therefore greatly reduced.

- *"me-too" strategy:*

This strategy is a replication of a product, its slight change. In fact, companies can enter the market by making minor changes to existing products or services.

This is only possible for unprotected products, goods.

A good example of the strategy is the opening of freezers. Here, new entrants copy copycat shops, but are able to distinguish themselves from those already on the market (the same taste, selection, funnel, cup, a difference between where it is in the area, so it does not matter that it is located on a shore of Lake Balaton or in a less busy place)

Many people think that this strategy is very easy to accomplish, but it is more difficult than it seems.

Overall, it can reduce the entrepreneur's costs on the R & D area and reduce customer distrust of the company. The new entrant is considered legitimate from the first day. It should be noted that new entrants can not take on business elements that are central to the competitive advantage.

Managing Novelties

The new entry will take place within the framework of a new organizational form that will challenge entrepreneurs to some challenges. Reliability of novelties comes from the following unique conditions:

- New organizations are faced with the costs of acquiring new tasks such as learning costs, as well as time and training, as employees need to be properly trained
- There are new people in the new organization who have different responsibilities that are responsible. The new organizational roles are created by designation, so the responsibility can be assigned to space, which is a conflict, as long as the boundaries between the roles are not settled.
- Communicating within the organization through formal and informal channels. The new organization does not have the possibility to develop an informal channel, as no friendship or friendships have been established yet. It takes time for these channels to be converted.

The management of a new company requires special attention, both in education and in training. Through the acquired exercises and qualifications, the company learns to meet new challenges

Overall, companies must strive for renewed renewal and should be vigilant to develop a more flexible strategy to adapt to environmental change more quickly.

The advantage of new business is that the old competitors are dynamic in dynamism, changing environment, and the ability to introduce new elements into their operating processes. Using these benefits, you need to build your business. It is not the goal of building a stable

strategy, but the company's performance must be based on the knowledge and flexibility of its management.

From idea to opportunity

Trends that serve as a base for businesses:

- "The wearable" trend: The microprocessors are shrinking so we can carry them on our own (Eg "Expanded Reality" (Google Glass), Fitbit)
- Green Trend: Focus on energy efficiency, innovative hybrid energy storage and electronic components.
- Transactions: Recently, money, its format and its management have undergone radical changes. (eg secure Internet transactions)
- Creative Trends: Encourages consumers not only to buy, but to become part of the process, creators. (eg 3D printing)
- Mobile trend: Mobile phones have revolutionized shopping habits, people communication and content consumption.
- Health: The entrepreneur focuses on healthcare and healthcare related issues. (eg cosmetics)
- Internet: Nowadays almost everything can be connected to the Internet. Thus, the smart devices with the WIFI transmitter were created.

Sources of new ideas

- Entrepreneurs can draw fruitful ideas from many sources:
- • Consumers: Entrepreneurs always pay close attention to potential buyers and their personal opinions.
- • Existing products and services: Observing, analyzing and evaluating competitors in the market, and developing customer-driven development of their own product and service.
- • Distribution Channels: Distribution Chains are familiar with market needs so the information they provide can be a source of new ideas.
- • Government: There are two ways to be a source of ideas, alignment with existing standards, inspiration from products or new government regulations.
- • Research and Development: It can be both formal and informal, but it is always the greatest source of ideas for your own research.

The process of creating ideas

An entrepreneur can use several methods to further develop and test a particular idea:

- **Focus Group:** Usually a discussion of 8-12-member heterogeneous groups with a moderator, where guided issues reveal real market needs. It can then be analyzed quantitatively.
- **Brainstorming:** The brainstorming promotes creativity through organized group work. It depends on the precise goal setting, the fanciful fantasy, the acceptance of individual ideas.
- **Written Brainstorm:** A written version of brainstorming. Each idea is recorded on a card during a predetermined time interval.
- **Problem analysis analysis:** Participants will receive a list of product category issues. The task is to identify the individual products and then discuss the specific issues.

Creative problem solving

Problem-solving techniques have a positive impact on creativity.

- **Brainstorming:** A group meeting that begins with the outline of the problem, and ideas for solving the problem will be solved.
- **Reverse Brainstorming:** Similar to brainstorming, only criticism is here. Direct questions about the weaknesses and mistakes of the idea and collect ideas about possible bridges.
- **Gordon Method:** The general statement of the problem is formulated by the company, and then this group answers ideas. They develop a basic concept with the help of the driver, which is refined and customized after the problem has been described.
- **Checklist:** The idea is developed through a list of related issues and previous advice.
- **Free association:** Collecting concepts related to the problem. In the end, the chain of ideas is created.
- **Enhanced Relationships:** Explains, systematize, and then generate new ideas through product analysis.
- **Collective Notepad Method:** Your device is a notebook that contains relevant information about the issue. Participants note their ideas every day. The material is analyzed by a central coordinator, highlighting the most common thoughts, and later discussed in a focus group session.

- Attribute List: Collects the object or problem characteristics and looks at them from a variety of viewpoints.
- "Too much to dream!": Making fantasy-based ideas, making them realistic.
- Parameter Assay: Quantitative variables are assigned to the problem situation and synthesize the idea by merging them.

Innovation

Innovation is the key to economic development. We distinguish three main types based on the uniqueness of the idea, the breakthrough, the technological and the average innovation.

- Breakthrough Innovation: They often serve as a basis for further innovation. These innovations are usually protected by strong patents, business secrets and / or copyrights.
- Technological innovation: These innovations are advancing in the product / service / market area.
- Average innovation: Generally, they extend existing innovation to a better product or service, or to something else in a market. In this case, the market has a stronger impact on innovation than technological endeavor.

To determine the new innovation, we need to look at the product / service from multiple perspectives. For some products, novelty is in the consumer concept. There are products that are identified as new when the product is old, only the packaging / name has changed. From the producer side, by changing the marketing mix elements, the old products can get a new picture. Companies are constantly looking for new markets for profitable growth and more efficient use of resources, which can also contribute to the use of the "new" indicator.

Classification of new products

New products can be classified in the consumer or company context. Both aspects must be used by the entrepreneur to facilitate successful deployment.

- • From the point of view of consumers: The level of novelty is graded by the consumer's behavioral changes or new learning. Fluent innovations have the least disturbing effect on standard consumption habits. Dynamically continuous innovations, such as the iPod, have a disruptive impact on standard consumption habits. Indeed, new products, so-called "continuous innovations", are rare and require a lot of new learning as these prod-

ucts perform a previously accomplished function or an existing feature in a significantly new way.

- From a company perspective: In this classification system, there is an important difference between new technologies and new markets. New products / services are determined by the amount of improved technology, while the market is based on the new segmentation rate.

Product design and development process

The product design and development process is divided into five main phases: the idea phase, the concept, the product development, the test marketing phase, and the commercial traffic that launches the product life cycle.

Temporary step: To determine the need for a new idea, it is appropriate to define the potential needs, size and economic conditions of the market.

Concept section: At the concept stage, a sophisticated idea is tested to determine consumer acceptance.

Product development phase: Defines consumer re-actions for the physical product / service during the product development phase. A commonly used tool is the Consumer Panel where a group of potential consumers receives product samples. Participants keep track of the use of the product and note their virtues and deficiencies.

Test Marketing Section: The last step in the evaluation process that provides actual sales results that indicate consumer acceptance.

Establishing Evaluation Criteria

The issue of competitiveness is most decisive. For a new product / service, it is important to determine what market opportunities there are, what is the market demand / size of the market. To do this we need to know the characteristics and attitudes of consumers and industry. Next, account should be taken of the proportion of potential revenue and expenses.

Starting e-commerce and business

As an advantage of e-commerce, you can mention access to a broader customer base. The interactive nature of the Internet will further increase the volume of e-commerce. The World

Wide Web offers the opportunity to expand marketing and sales channels to minimize marketing costs, as information distribution and transaction costs are lower.

Three ecommerce channels are offered by companies to consumers: traditional web sites, dedicated mobile-enabled sites, mobile applications. □ Online operations must be cost-effective, easy to use, and secure.

Identify and assess domestic and international opportunities

In order to start and increase a company offering a new product or service, it is imperative to assess the possibility of domestic and / or international expansion. To build and manage such a business, it is essential to have a broad managerial attitude and adaptability.

How can we assess domestic and international opportunities well?

One way to evaluate the opportunities is to make an assessment plan, which is not a business plan, just shows if it is worth pursuing the idea. Contrary to the business plan, it is much shorter, rather than focusing on the opportunities of the business, and helps to make an initial decision about whether there is enough potential in the draft.

An Opportunity Assessment Plan can be divided into four sections:

The *first* task is to discuss the product or service you want to develop and then assess competitors and determine what makes our development unique to the competition. This section includes a description of a product or service, positioning on the market, price and competitiveness of the other products on the market.

The *second* phase focuses on the market. The exploration of market opportunities should include the level of satisfaction of market demands, the size, trends and characteristics of domestic and international markets, and the rate of market growth potential.

The *third* phase focuses on the background of the entrepreneur and management and their qualifications, expertise and experience. The following questions may be included: How does the product / service fit into the background and experience of entrepreneurship and leadership? What business skills and experience do you have? What business skills and experience do you need?

The *fourth* section describes what steps need to be taken to successfully start a business. It is indispensable to evaluate the possible activities, to determine their order of rows, to determine the time and money needed for each step, to determine the final time and money needs, to measure the size of the initial capital requirement.

Information about the points listed today can be collected from a number of sources. This information enables you to successfully launch and develop your business. SCORE, which is a nonprofit organization that deals with counseling and mentoring, is an opportunity for this. This is SBD, which is part of the SBA organization. They provide specific information on industry, markets, competitive companies and their products and services, government sources, trade alliances and commercial publications.

International business is an activity that goes beyond the boundaries of countries. This may include export, licensing, or opening a sales office in another country. Intrusion into the international market has become increasingly important for companies, and nowadays has become a requirement. To continue international sales, *PEST* (political, economic, social, technical) *analysis* is used as a framework.

P as Political suggests that the government continues to play a major role in regulating business activity. It includes legislation, government stability and risk, intergovernmental war and conflicts.

E as Economic, the economic environment can not be separated from the country's political environment, especially because of taxation and trade. It includes: taxation and trade, monetary policy, distribution and trends.

S is the word Social, according to which the trends have a great influence on the society. These trends need to be analyzed in order to maintain market attracts. There are four kinds of social factors: psychological, linguistic, ethical, and important events.

T as a Technological word suggests that the technological development and preparedness of each country may differ significantly. Especially between an advanced and a developing country, it appears in infrastructures (eg road network) and in technical maturity (eg internet coverage, speed).

Hindering Factors

Probably the only major problem faced by the entrepreneur is when the cultures are crossed. In 1952, anthropologists, A.L. Kroeber and Clyde Kluck-hohn, identified more than 160 different cultural definitions.

Language sometimes reflects on a culture. We communicate messages and thoughts with speech, tone tones, nonverbal signals, such as body position, eye contact and gestures. Entrepreneurs need to be able to identify these structures in families, economic divisions, and in people who want to buy / have a connection with it.

Religion also has a great impact on both the entrepreneur and the consumer. Certain religions are characterized by strict regulations such as the ban on Sunday hunting, the purchase of alcohol, or the ban on the consumption of pigs in the Middle East by Jews and Muslims.

The political and extensive economic philosophy of a country has a significant influence on entrepreneur's decisions and market entry. Some countries support export tariffs, tariffs, and other restrictions to protect their own industry. The entrepreneur should not only be aware of the level of education and the level of education, but also with specific skills or career opportunities. The technological level of the company's products may be too complex depending on the educational level of the culture. During the negotiations, entrepreneurs can get wrong conclusions because their interpretations are based on their own reference framework rather than on the frame of reference for culture. It is important to understand where the line lies between a gift and an illegal bribe. When determining the country's best distribution channel, the entrepreneur must take into account a number of factors: (1) total sales potential, (2) the size and type of competition, (3) the cost of the product, (4) the geographic size and density of the country, (5) country's investment policy, (6) exchange rates and all controls, (7) policy risk level, and (8) general marketing plan.

Global motivations, strategies and impacts

The most important reasons are profits, competitive pressures, unique products / services, excess production capacity, decline in domestic sales, unique market opportunities, size economics, technological benefits, tax incentives.

Business involves internationally new documents, such as commercial invoices. These differences, which exist on all international markets, must be taken into account in order to avoid costly mistakes. Second, closer psychological closeness makes it easier for the business to enter the market.

There are many market research models, one good method uses a five-step approach: (1) developing appropriate indicators, (2) collecting data and transforming into comparable indicators, (3) creating an appropriate indicator for each indicator (4) analyzing data, and (5) choosing a suitable market from the market rankings. Access to, or participation in, international business is divided into three general categories: export, non-existent transactions and foreign direct investment. During export, sales and deliveries of products manufactured in one country are tied to a customer in another country.

Entrepreneurs can enter into an international transaction of three non-existent agreements: licensing, turnkey projects and management contracts. Each of them allows the company to enter the market and gain sales and profits without direct capital injection.

Joint ventures are frequently used in two situations by entrepreneurs: (1) when purchasing local knowledge and existing manufacturing facilities, and (2) when fast market access is required. Another way of capital that enables an entertainer to enter the international market by buying more shares. Technically, more than 50 percent of the company's own capital means majority stake. There are five basic types of mergers: Horizontal, Vertical, Product Extension, Market Extension, and Variety Activity. The ultimate type of merger is a diversified merger activity. It is a conglomerate merger involving the consolidation of two fundamentally independent companies.

It is a good way to enter into an international market with a contractor in this country. A good partner helps the entrepreneur achieve goals such as market access, cost sharing, or achieving core competencies.

Trade Agreements, Free Trade Areas

One of the longest-term trade agreements is the General Agreement on Tariffs and Trade (GATT). GATT is a multilateral agreement aimed at liberalizing trade through the elimination or reduction of tariffs, subsidies and import duties. In some cases, groups of nations are alongside each other in order to increase transnational trade and investment in the group and exclude the nations that are outside the group. Trade barriers increase entrepreneurs' cost of exporting products or semi-finished products to countries. The cultural, political, economic and distribution systems of a country clearly influence its attractiveness as a potential market and a potential investment opportunity. In general, the costs and political risks are lower in those market-oriented countries that are economically and politically more developed. At the same time, the long-term benefits of the entrepreneur are the future growth and expansion of the country.

Protecting the idea and other legal issues for the entrepreneur

Innovative ideas can be a treasure, so it is worth checking out how our own concept can be protected as intellectual property. It is important that we do not share our ideas with others until the legal process has been completed, since we can only profit if we can prove that the idea is our own idea. It is imperative for entrepreneurs to know the laws and their effects and to know the rights to be granted. As an entrepreneur should keep in mind the announcement of the licenses and the insurance. In order to be successful in the long run, compliance with the rules requires legal representation.

Let's turn to a lawyer!

Since every business is regulated by law, the entrepreneur must be aware of the rules that may affect his new business. Entrepreneurs generally do not have the appropriate expertise or know-how, so they use legal advice at various stages of start-up. As lawyers are bound by secrecy, our idea is safe. They can help you take steps to "protect" our idea. In all other legal cases, the best advice for the contractor is provided.

What do we mean by intellectual property?

Intellectual property is made up of the products, creations and processes created by the individual that provide a competitive advantage to rivals. Such are patents (inventions), trademarks, copyrights and business (commercial) secrets. More information about intellectual property will find on chapter 11.

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Part II.

Business Plan

Design as part of the Business Plan

Planning is a process that never ends in business. It is important to be in the early stages of the new business when the entrepreneur prepares the business plan. As the business grows, it becomes planning management, which is constantly striving to achieve its short- and long-term goals. This plan may be different for different companies, depending on the type of company and the expected size. However, these plans have a constant and important task to guide management in a rapidly changing market environment.

What is a Business Plan?

The business plan is an entrepreneur's document describing all the relevant external and internal factors that are involved in starting the business. Often, marketing, manufacturing, finance and human resources are integrated. This applies equally to the short and long term decision-making of the first three years of operation. Potential investors, suppliers, and even buyers can claim or request the business plan of the business. The business plan answers questions such as "Where am I now?", "Where am I going?", "How do I get there?"

Who should prepare the plan?

The business plan must be prepared by the entrepreneur himself, though he may seek advice from a variety of sources. Such sources include, for example, a lawyer, accountant, marketing consultant, friend or anyone who can provide useful information to the entrepreneur. You can also browse around the internet as there is plenty of template or sketch to make your business plan. Most of these sources have to pay or have to pay a minimum fee for download or purchase. There are some cases where an entrepreneur is hiring or offering a stake to another person who provides the appropriate expertise in planning the design.

In order for an entrepreneur to determine whether or not he needs such an adviser, he can make an objective assessment of his or her own abilities. It looks like the first column in the table lists the skills you need, eg bookkeeping, planning, managing people, etc., and in the other columns you value yourself how good they are.

Who read the business plan?

You can read about employees, investors, bankers, venture capital investors, suppliers, buyers, consultants. They can often influence the actual content of the plan. It is important that the entrepreneur creates a business plan that meets their needs.

The value and scope of the Business Plan

There are three aspects to consider in its preparation:

- Entrepreneur's point of view: He knows most about what this new business is about to give, so he has to clearly communicate with his audience
- Marketing aspect: The entrepreneur must see his business through his client's eyes
- Investor's perspective: The entrepreneur must have his or her own business through the eyes of the investor

The depth and detail of the business plan depend on the size and scope of the new business. For example, if a businessman wants to launch a new high-tech device, he will have to create a broad business plan with a broader scope, just because of the product's nature and market.

This document is valuable not only to the entrepreneur, potential investors, but also to employees who are trying to get acquainted with the new business and its objectives. It is also important for these people:

- It helps determine whether the business is viable on the designated market
- Provides guidance to the entrepreneur in organizing planning activities
- It serves as an important tool for obtaining funding

The thinking process that takes place during the planning process has valuable experience with the entrepreneur. Additionally, the entrepreneur takes into account the factors that may jeopardize and affect success. Often, you may feel that his idea is a testament to the fact that business will certainly be successful, but during planning, there may be questions that may question his destiny. There may be times when the business fails, so you can save time and, above all, save money.

How do creditors and investors evaluate the plan?

As the entrepreneur becomes aware of who will read the business plan, it will make major changes to it. In any case, you have to take into account the needs of your customer base. Suppliers of capital are the ones who can most influence their business needs with their requirements. For example, creditors' interests cover whether the business can recover its debts with interest, within a specified time. For them, the nature of the borrower, the company's cash flow, equity contribution, and the mortgage to secure the loan (4 C's of credit). Banks want facts about the objective analysis of business opportunities and the risks inherent in the new venture.

Investors have different needs because they have huge capital that they give to the company - of course, against the right of ownership - with the expectation that it will be recovered within 5-7 years. So they put more emphasis on the entrepreneur's character and spend more time with background checks to make sure that their money is well-placed and that the entrepreneur is willing to accept investing in the business.

Presentation of the Plan

Often, an entrepreneur may be able to showcase his business. In this case, you have a specific time frame for presentation, in which the most important information should only be forwarded to the audience. As potential investors can find their rows, it is important for the presenter to give his idea. Be sure to focus on why this is a great opportunity not only for you but for your customers to give you an overview of the marketing program. It shows the risks that may occur during operation and how it will handle them.

Information Need

Before the entrepreneur starts the business plan, it is necessary to prepare a feasibility study to look at the factors that can hinder the success. However, you must first define what goals you want to reach your business. The information collected during the feasibility study should focus on sales, finances and production.

One of the initial information needed for a contractor is the market potential of a product or service. However, first of all, it is necessary to determine the market, who will buy the product or make use of the service, how much revenue it will be, etc. The well-defined target market facilitates the achievement of market goals for the new business. Most entrepreneurs

may have trouble with this section and they do not know where to start. To start this, the best way is to imagine an inverted pyramid whose steps include the following:

- General environmental and demographic trends
- National food trends
- Local environmental and demographic trends
- Local food trends
- The strengths and weaknesses of local competition

By defining these, marketing goals can be more easily defined.

Prior to the preparation of the financial part of the business plan, the entrepreneur has to prepare a budget that will include the expected revenues and expenses in the first year. But to determine this, there is a need for a benchmark, which will serve as a basis for everything. Such benchmarks or financial metrics can be found in many sources, including commercial journals, which can also contain valuable data.

The feasibility study on manufacturing operations should include the location of the company - how can it be accessed for customers, suppliers, etc., assembly operations (basic machine assembly operations), raw materials required (with supplier data, costs), equipment (taken or rented, together), qualifications (what kind of skills are needed, payment grade), area (what area is needed, own or hired), on fixed costs.

Internet as a resource

The Internet can be a very useful source of information for the entrepreneur whenever he prepares different analyzes for the preparation of the business plan. Get access to the most common search engines to help you search for the various articles. But even on the websites of competitions, you can get a lot of useful information, just like community nets.

Writing a business plan

The entrepreneur must write the business plan to provide an overall picture of investors about your business so you can understand what it is about. It should also help clarify why you want to create this company, what your goals are, and how to implement it.

Parts

- *Introductory page:* main business data such as company name, address, business activity
- *Executive summary:* to be compiled at the end of a business plan (2-3 pages), a brief summary of the company, its task to raise readers' interest in the company
- *Industry analysis:* target groups (market segmentation), competitor analysis, market forecasts
- *Company Description:* Company Products, Services, Size, Staff, Tools
- *Production plan:* Description of production process, machinery, equipment and suppliers of raw materials
- *Action Plan:* Describes the flow of goods and services from production to customer
- *Marketing Plan:* pricing of products, services, advertising, product forecasts
- *Organizational Plan:* Presentation of Ownership Form, Partners or Major Shareholders, Members' Responsibilities and Responsibilities.
- *Risk management:* Evaluating business gaps, new technologies, contingency plans
- *Financial plan:* Financial forecasts, assumptions, cash flow, balance sheet, statement of results, resources and their use.
- *Attachments:* Letters, contracts, price lists and market research data

Implementing a business plan

The entrepreneur will rely on the business plan in the first year of operation, this will lead him, he will show way to the goals. It is important to set checkpoints for tracking progress to make sure everything is in the plan, or whether you need to start the contingency plan. This means that the contractor must periodically check cash, production, quality, sales, assets, receivables, and previous monthly payments.

Environmental factors can all affect your business plan, become obsolete, so you can lead your business in a different direction. That is why it is important to be sensitive to changes in the company, the industry and the market.

Why do not some business plans succeed?

A badly prepared business plan can be fought on the following factors:

- The goals set by the contractor are unreasonable
- The objectives can not be measured
- Absence of total commitment
- Experience shortage
- Partially ignored the needs of customers
- The entrepreneur is unable to perceive potential threats or deficiencies

The marketing plan

The design of an effective marketing plan is very important, as we saw in Warby Parker's example of a new approach to the market, the so-called "prescription glasses" that customers could try in their home and could help the needy to buy a similar glasses.

There is enough information on national and local markets to develop a proper plan, and market research is also important, from which we can identify needs, competitiveness, weaknesses, prices, promotion, distribution and products and services. Marketing research that can be performed by an entrepreneur or an external consultant will show the product or

service user, the potential market size, the most appropriate distribution channel, and the most effective promotion strategy to inform and access potential customers. Cost-effective solutions include focus group research and student research projects.

The preparation of the marketing plan consists of 4 steps:

Step One: Define Goals

The new business should consider people's opinions about the product or service and whether they can buy it.

Step Two: Collecting Data from Secondary Sources

Secondary resources provide an opportunity to collect the industrial analysis part of the business plan.

Step Three: Collect information from primary sources

This process involves data collection, for example: observation, networking, interviewing, focus groups. Informal sources are typically Facebook, Twitter or LinkedIn.

Step Four: Analysis and Interpretation of Results

It is worth pointing out the results of observations and focus groups on a computer that we can group by different age groups, gender, occupation and place.

The marketing plan answers three basic questions:

1. Where is the business going now? It presents the strengths, weaknesses and the background of the business as well as opportunities and dangers.
2. What are the future plans? Plans and goals for the coming year.
3. How do we get there? We define the persons responsible for the activity. To do this, a survey of marketing and financial background is also required. This will help eliminate the critical points. As part of the business plan, it will also have to provide market forecasts for years 2 and 3.

The marketing plan must meet specific criteria:

- Any marketing plan or strategy must take into account the availability of financial resources and the set goals.
- Manager team: they are extremely important for skilled, responsible employees for perfect operation.
- Suppliers: Vendors are usually based on a number of factors, such as price, delivery time, quality, and handling assistance. As price, supply, delivery and time affect a number of marketing decisions, it is important to incorporate these factors into the marketing plan.

The main features of the marketing plan are:

- Develop a strategy that serves the corporate mission or purpose.
- It must be based on fundamental facts - Ensure the use of existing resources. All equipment, financial resources and human resources must be described.
- It should be simple and short
- In addition, marketing activities should focus on raising awareness of the benefits provided by the service and receiving the attention of the target market.

The marketing communication mix consists of four main parts:

- Advertising (non-personal presentation of promotional ideas)
- Promotion of sales (short-term investment for the purchase of a product or service)
- Public Relations (promoting a product, service or company not by personal means, by publishing important news or by promoting the company's business, PR)
- Personal sale (oral announcement with one or more buyers with a willingness to sell)

Determining the business situation

It gives an overview of where we are. To fully answer this question, the contractor must review the past performance of the product and the company. If this is a new business, it describes how the product or service has been developed and why it has been developed (for

example, to meet consumer needs). If the plan is written after the launch of a new business, it should contain information about market conditions and the performance of the company's products and services.

Whether from industry analysis or from previous marketing research, entrepreneurs need to know who the client or target market is. Knowing the target market provides the basis for defining the right marketing action strategy that effectively meets your needs.

It is important for an entrepreneur to consider the strengths and weaknesses of the target market. We look at the behavior of the current target market, and from this we can form another segment who is interested in the product / service. Before deciding any marketing strategy, the entrepreneur needs to set up realistic and concrete goals. For example, "What do we want to achieve?" And define things like market share, profit, sales (by region and region), market penetration, number of distributors, new product launch, price policy, sales promotion and promotional support. Too many goals make checking and tracking difficult.

Once the marketing objectives have been set up, the entrepreneur can start developing a marketing strategy and a marketing plan.

Determining the price

In most situations, you need to consider three important elements: costs, margins, and competition. One important step in pricing decisions is to determine costs directly related to a product or service. For the manufacturer, this includes the definition of material and labor costs incurred in the production of the product, and the operator must be able to identify the approximate costs of the costs incurred (such as utility services, rents and salaries).

Distribution

This factor provides utility to the consumer; this variable must also be consistent with other marketing mix variables. If a market for a new business is very focused, for example in a larger metropolitan area, the entrepreneur can reach the buyer or the retailer rather than the wholesaler. If the market is scattered across a wide geographic area, the cost of direct sales can be obstructed. The judgment of the product also affects the decision of the channel. If the product is very costly, perishable or bulky, a more direct channel makes sense because

handling and shipping costs would lead to costs to a banned level. The cost of these benefits is much lower than the cost of small one-person launching, as they work with economies of scale with the image selection of many other businesses. They perform functions such as warehousing, shipping, sales staff, promotion or advertising and maintenance that would not be feasible for the start-up company. Competitiveness strategy is also important to consider, as alternative solutions can help distinguish the product.

Promotion

In general, the contractor should inform potential consumers of product availability or informing consumers, such as advertising, printing, radio, television, social media and electronic media. Markets are available online, via direct mail, commercial magazines, or newspapers. Entrepreneur must thoroughly evaluate every alternative medium, not just costs, but also taking into account the efficiency of the medium.

Implement the market plan

The marketing plan is the entrepreneur's commitment to a given strategy. The purpose of this plan is to help answer the three questions that have been asked earlier. In addition to tracking the progress of the existing plan, the entrepreneur must be ready for unexpected events. Adjustment of marketing events usually requires little time and energy when the plan has been efficiently developed and implemented. If the entrepreneur is constantly faced with significant changes in marketing strategy, it is likely that the plan is not properly prepared. The shortcomings of market design are usually due to bad analysis of the market and competitive strategy, unrealistic goals and goals or the poor performance of outlined plans. There are also events - such as weather or war - that may affect marketing, but these are usually difficult to predict.

The organizational plan

Development of the steering group

Investors expect the management team to deal with the business for a more modest payday full-time and not treat it as an extension. In addition, entrepreneurs should take into account the role of the board of directors and / or advisory bodies in supporting the management of

the enterprise, as each has a strong influence on taxes, accountability, continuity and the financing of the new business.

Business legal forms

There are 3 basic legal forms:

- ownership

- o unique ownership, unlimited liability, a person makes a decision and checks, and all profits are his

- partnership

- o two or more individuals with unlimited liability who collect resources for the business

- corporate

- o a separate legal entity operating by limited liability shareholders

The owner and the general partners were responsible for everything about the business. However, since the company is a legal entity, therefore it is taxable and can assume responsibility, the owners are only responsible for the amount of their investment, but the ownership of the company and the owner (s) do not differ from the owner's code. So, in the event of a debt, creditors may also claim private property, property, for the purpose of equalization. In a partner relationship, partners generally share the same share of responsibility. The only protection for them is the liability insurance that the government can terminate if it considers that it was forged for forgery.

Cost of starting a business

The more complex your organization is, the more expensive it is to start. Ownership is the least costly, where the only incurred cost can be the announcement of a business or trade name. In part-time, besides the filing of a trade name, a partnership agreement is needed, which requires legal advice and is responsible for determining the responsibilities, rights and obligations of the parties concerned. A limited liability company can only be established by

law, which means that the company name and the instrument of incorporation must be registered. This may involve different costs and require legal advice.

Continuity of the business

Continuity is significantly different from individual business forms. In the individual enterprise, the death of the owner results in the loss of the business. However, partnerships can be used to acquire shares, thus eliminating the business form. As a shareholder, there is no significance for partner exit or death, as in this form everyone can be replaced.

Capital Requirements

In the early months of the new business, capital demand may become one of the most important factors to survive. The capitalization options vary depending on the business form. In a proprietary form, new capital may be a loan or a personal contribution. In the case of any loan, there is a need for collateral, which may require the dispatch of part of the ownership, such as mortgages. In the case of a partnership, only banks can borrow, which is likely to change the partnership agreement. The most convenient form is the corporate where capital can be traded through the sale of shares, bonds, and the owners do not have a personal responsibility against the creditors.

Management control

Each business form offers various opportunities and problems to control and make business decisions. In property ownership, the entrepreneur has exclusive competence in decision-making because he is the sole owner. In partnership, the will of the majority is usually the case unless otherwise agreed by the agreement. In a company, management is in charge of day-to-day auditing, but when major decisions are taken, it may be necessary to have the vote of a larger shareholder. The participants of the company may indirectly influence the operation of the business by electing someone in the board of directors who reflects their personal business philosophy.

Limited Liability Company

The flexibility offered by LLC status was brought by the entrepreneurial decision. The business form is a joint venture with the following characteristics:

- As the company has shareholders and partners, they are members of LLC.
- The company's shares are not issued and each member has a certain stake and interest.
- The liability does not extend beyond the member's contribution.
- Membership can only be redeemed by the unanimous written consent of the remaining members.
- The IRS automatically handles the LLC's tax liability.
- The LLC's acceptable duration is 30 years. There are several reasons for the break-up and bankruptcy.

Advantages of LLC

There are many advantages to LLC:

- Partners may add a proportionate share of their LLC liabilities to their partner counterparts.
- States decide differently in the taxation requirement.
- One or more companies, associations, or other organizations can join to create the LLC.
- Members can share each other's income and expenses with each other.

Planning your organization

Regardless of the number of companies in management, the organization needs to determine the main activities needed for its effective operation. Typically there are 5 areas:

- **Organizational Structure:** Determines the members' workplaces and communications and the relationship with which these jobs are related.
- **Design, Measurement and Evaluation Systems:** The entrepreneur needs to determine how the targets will be met, how they will be measured and evaluated.
- **Rewards:** The members of the organization receive rewards for bonuses, praise and so on. form.
- **Selection Criteria:** Determine a guideline for selecting individuals in each position.
- **Training, education:** You must give the training. This can be a formal education or learning skill.

Building a management team and a successful organizational culture

There are important issues that need to be addressed to the company before building the pipe. In essence, the team must strive to accomplish 3 functions:

- Completing the business plan
- Describe the fundamental changes in business as they occur
- Modify the plan based on changes in the environment and market and thus maintain profitability.

The role of the board

It has many functions such as reviewing operations, developing strategic plans, solving conflicts, or developing information resources, etc. For these tasks, the most important is the definition of responsibility and the effect of the Sarbanes-Oxley law. The most important criterion for this law is to select individuals and candidates who have special experience and are willing to exchange ideas and use their ideas for the board's decision.

The Advisory Board

It would be easier to connect and serve only some of the company's functions or activities. It has no legal status and does not fall under the Sarbanes-Oxley Act. As members of the

Board of Directors, members must be evaluated. John Teevan must be mentioned as the founder of SoshItech and Haroon Mokhtarzada. Mokhtarzada, for example, thought that timing is important and identifying potential members who seek the best interests of people.

Entrepreneurs usually outsource consultants eg. accountants, bankers, and lawyers. They become an important part of the organization. Recruitment and management of external experts can be effectively carried out. Consultants can come from a number of good sources, such as Small Business Administration, Universities, Friends and Relatives.

Financial plan

The financial plan provides a complete picture of the entrepreneur and that: when and how resources flow from the business, what resources are used, how much money is available, what the company's financial situation.

In the short term, it provides budget control and helps to prevent one of the most common problems - the lack of cash. It is therefore very important to understand the importance of financial plans, especially in the first years of a business.

The financial plan needs three yearly financial data to meet external investors. The first year should reflect the monthly data. Each potential investor in the financial plan must explain how the contractor intends to meet all the financial obligations and maintain the liquidity of the enterprise in order to pay a debt or provide a good return.

The financial plan includes: pro forma statement of results, pro-forma cash flow, pro-forma balance sheet, break analysis.

Ethical dilemmas

A dilemma with which all professionals deal with will decide whether or not you apply your professional skills for external earnings. In professions such as law, where practitioners could use their knowledge much more widely, even start their own business. However, implementing a business idea is a long process and can directly or indirectly utilize the re-

sources of your current employer. This causes many ethical questions, for example, when to tell your boss about working on a new idea.

Operating and capital budget

These must be done before the pro forma income statement is made. Reducing budgets to private entrepreneurs is a big responsibility as they have to make the most important decisions alone.

When preparing the pro forma statement of income, the entrepreneur must first develop a sales budget. Estimated sales budget depends on the expected volume of sales. (these can be calculated from forecasts).

In most cases, the entrepreneur can rely more on quality counts than in single estimates of sales. Based on the operating and capital budgets in a manufacturing venture with entrepreneur you can compare the costs of production, or decide together whether to administer them to another manufacturer.

Operating Cost

After the completion of the sales budget, the contractor may focus on operating costs. Firstly, fixed costs should be listed (regardless of sales volume). However, there are also costs that vary monthly, for example, based on sales activity or marketing strategy. The purpose of the financial budget is to provide a basis for expenditure on expenditure over one year.

Pro forma income statement

The pro forma statement of income in the first year (on a monthly basis, paying close attention to the list) gives a sales estimate and plans the operating costs each month. Eze estimates are based on the appropriate budgets based on the forecasts and objectives of the marketing plan.

The pro forma income statement is preceded by the calculation of monthly sales. It takes time until a new venture will accelerate the sale of Internet businesses often do not hezebb, but the Internet advertising can be a great help, since they attract customers to the website.

Investors love to see a minimum of 3 years ahead of this statement. Profit generally reaches the average for the second and third year, so you can see the costs that are likely to remain stable over time.

It can be said that in general, the service providers are achieving their desired profits.

Pro-forma cash flow

This is not the same as the profit. Cash flow is only realized if actual payments are received or made. During sales on the internet, a sales transaction includes the use of a credit card. Many times, profitable companies are unsuccessful because of the lack of cash.

It should also be borne in mind that we also pay to the bank for card payments. This is usually between 1 and 3%.

Pro forma cash flow is based on the best estimates.

If disbursements exceed revenues over any period, the entrepreneur either has to borrow or deposit from the bank account the savings money. Large positive cash flows should be invested in short-term funds at any time or deposited in a bank to cover future periods when payments are greater than revenue. Determining exact monthly earnings and payments is difficult.

Cash flow can be calculated using an indirect or direct method. Of these, the most popular is the indirect method. It is important that the entrepreneur prepares monthly forecasts of cash, such as monthly earnings projections.

Pro-shape balance

It summarizes the planned assets, liabilities and net worth of the new business.

The entrepreneur must also prepare a *forecast balance* that depicts the state of the business at the end of the first year. The pro forma balance reflects the place of business at the end of the first year.

Contain:

Property - All of them represent the value of the business.

Sources - These reports all involve creditors. Some of these amounts are due within one year (short-term liabilities) and may be long-term liabilities.

Owner's Equity - This sum represents the surplus amount over all assets. This is the net value of the business.

Break-Even Point Analysis

$$B/E(Q) = \frac{TFC}{SP - VC/Unit \text{ (marginal contribution)}}$$

where $B/E(Q)$ = break-even quantity
 TFC = total fixed costs
 SP = selling price
 $VC/Unit$ = variable costs per unit

The volume of sales where the company does not generate any profits or losses. The biggest weakness of calculating the interest rate is to determine whether the cost is fixed or variable. For new businesses, estimates are often needed.

Software Packages

A number of financial software packages are available to the entrepreneur that can track financial data and provide important financial statements.

Microsoft Excel is the most widely used spreadsheet software. It is recommended at the start-up stage where the business is very small and limited in time and resources so that the selected software is very simple and easy to use. Most of these software packages allow billing, payroll, and inventory management. There are a number of software packages that vary depending on price and complexity.

From the Business Plan to Financing the Enterprise

Sources of capital

In the first place: One of the most difficult tasks is to finance the business. The entrepreneur must measure what resources to use and how to access the resources.

Debt Increase Or Capital Increasing Financing

Increasing Debt: Debt-increasing financing solutions usually involve some interest rates. Generally, a device used in some production can be tied to the lender as a pledge. Short-term loans are repayable within one year and are usually used to maintain the company's day-to-day operation, and companies pay back their annual income. Long-term loans are more than one year long, which usually cover larger investments than machinery, land or real estate. When the interest rates are cheaper and more entrepreneurs choose this kind of funding, their stock capital remains untouched and their share of profits is greater. Care should be taken to ensure that repayments do not cause bankruptcy. Debt size increases the risk.

Increasing capital: by increasing the capital, the entrepreneur gives up some of the company's ownership. Investors benefit from the profits of the company.

External or internal source

Internal sources can be derived, for example, from profits, reductions in operating capital or the sale of property. In the first few years, it is worth reinvesting as much of the profit as possible.

For each external source, it is necessary to measure how long the source is available, what its costs and how much ownership it is to lose.

Own resources

It is part of almost every business, but at the same time it is the most cost-effective because it does not involve loss of property and no interest, and it is necessary to obtain loans and investors. Your self-interest is usually derived from some savings or mortgages.

Family and friends:

After the entrepreneur, they are usually the primary source of capital. The amounts are usually not big but sometimes they become part of the stock capital stock. This will allow you to enter into operation which can hinder undisturbed operation. It is therefore important to treat these loans as any other loan and to prescribe the powers. The entrepreneur must carefully consider the financial situation of the lender.

Commercial Banks:

Loans from Transfers: from the sale of redeemable debts up to 80% of the receivable from banks. Also, the possible insolvency of the factored bets is not the entrepreneur. The longer the maturity is, the smaller the amount available.

Loan on a set: In this case, the bank will spend up to 50% of the existing inventory. In fact, it sells before sales.

Loans for equipment: this can be a lease, lease purchase, purchase of new equipment or rent of equipment already in use.

Real estate loan: this can often be up to 75% of real estate or land value.

Cash flow financing:

Deposits loan: companies with regular income can pay this with a 30-40 day maturity.

Loans to goods: this is to bridge the seasonal liquidity of the companies with a maturity of 30-90 days, filling up stocks.

Long-term loan: repayment can take up to 10 years with fixed interest rates and details. The repayment of the capital stock can be avoided in the first three years, and only interest is payable.

Trust loan: here is the role that the entrepreneur's reputation, these already successful businesses, were solvent in the past.

Bank decision making on loans:

When lending, banks take into account the entrepreneur, their conditions, their collateral, their capability and their capital. They estimate the size of the potential market and the potential profit. It takes into account how much maturity they will get after the matured amount. They estimate the risk and how they can benefit from the investment. The entrepreneur is the most difficult to estimate the magnitude and capacity of the entrepreneur.

At a credit request, a business plan is compressed, including the financial plan, the entrepreneur's CV, the description and description of the business, and the draft repayment. The entrepreneur should carefully choose a bank to choose what is already in the business sector.

The role of SBA in financing small businesses (in US dollars):

The SBA helps small businesses to obtain credits, sometimes serving as guarantors. Program 7 (a) offers a maximum of 5 million loans, of which up to 75%, up to 150,000, up to 85%, is guaranteed by the SBA. Program 504 is a site for distribution or development, helping the entrepreneur to 5 million, up to 5.5 million for energy and manufacturing professionals. The 7 (m) program gives small firms loans up to 50,000.

Limited Partnership for Research and Development:

These co-operations are created when the research is too high, so entrepreneurs use the equipment of another company.

Its main elements are the contract, the financing company and the limited cooperation. It does not guarantee success only to achieve success. There are two main parts of the contract, any loss to the partners, and tax relief.

Process: Generally consists of funding, development and exit stages. In financing, the ownership relations and the size of the research are recorded in writing. In the process of development, the sponsored company carries out the research tasks. At exit, the sponsor company will earn the proceeds from the trade. Three solutions are for creating a new company and then merging it into a sponsorship company or leaving it separate. Payroll fees are paid to the sponsored company. The sponsored company buys the business after a certain profit.

Benefits and Costs: The process can take up to 1 year and \$ 400,000. Their success rate is also low. Exit from the partnership is difficult and disrupts confidence.

State tenders:

The entrepreneur can sometimes get funding for innovation through public tenders. The SBIR program can provide small businesses with the necessary funding for R & D. 12 state agencies will be able to apply. The program is 3 batches. In the first phase, \$ 100,000 will be given for theoretical research for 6 months. In the second phase, 24 months for \$ 750,000 additional R & D. In the case of successful research, in the third phase, they help to put private funding into business bases.

Process: You have to comply with the concept of small business, that is, less than 500 employees and at least 51% owned by the US. They will go through preliminary examination of the application and will be screened by researchers and engineers. The promise to be the most successful will receive support. All data and results remain with the entrepreneur. Since 1992 public companies have invested over \$ 1 billion in budget, 0.3% of them should be set aside by small businesses, thus creating the fund with which the 12 agencies are managed.

Other public tenders: In state-run industries, the State provides assistance to workers, 50% of workers' wages are paid in the first year, or they give a tax allowance for a specified period of time. It is a good idea to find out about them beforehand.

Private financing:

Investor types: one would actively participate, others would make decision-making while others would not be involved. Their purpose is the return on investment.

Private offering: by means of D Regulation. It must be ensured that only the parties can know about offering and no one else. Then the beneficiary company has to record the amount paid. They have to give a precise account of their situation to the companies, if they do not comply with the obligation to make a statement.

Shoe lacing financing:

Often, the acquisition of external capital also has a cost, and even it turns out that there is no possibility of acquiring external capital. Acquiring external capital can either reduce the company's driving force or spur unreasonable spending, the company's flexibility can be lost or can not meet expectations, and it will collapse in the long run. The shoe lacing method is about saving money, getting discounts. Outsourcing processes can also be cost effective. Acquisition of an external capital can always be considered after all internal options have been exploited. After having obtained it, be careful about the responsible use.

Financing business:

When examining financing alternatives, the entrepreneur determines the size and timing of the investment. Small and medium-sized enterprises often find it difficult to get informal risk capital. They like to invest most in venture capital software, biotechnology and potentially powerful businesses. The acquisition of capital for initial funding is the most difficult. Core capital is usually a small amount, under \$ 500,000, of which many financiers do not care. Start-up funding helps to keep the initial sales going smoothly. Informal venture capital is often an interest in this.

Developing, expanding investments are easier to obtain than initial funding. Venture capital providers are the most active here. As the company evolves, the need for development costs is decreasing. In the second phase, investments are used as working capital. In the third case, the company produces a zero-income or profit-making potential for sales potential. In the ninth phase, it is funded to make the company public.

The purpose of obtaining funding is to acquire the former owner and private company of the company.

Recently, some biotechnology companies also have access to first-tier capital funding thanks to a high rate of return. Oceanography and alternative fuels companies have also been successful in their rate of return. Venture capital investors, however, require fund capital from companies ranging from \$ 500,000 to \$ 3,000. Nevertheless, the most trusted source of private equity capital is capital.

Private Equity:

Private equity firms, also known as corporate capitalists, have three levels, individuals, companies, and private equity foundations. Although the amount invested increases from individual investors to corporate investors, their number is decreasing. Thus, the totality of small investments is the same as the amount of large investments. Most of the investment is done for the individual. These people have an average annual income of over \$ 200,000. And they provide up to \$ 10,000 to \$ 500,000 on an average annual investment of \$ 220,000, often involving their acquaintances, reducing the magnitude of the risk.

Informal Venture Capital:

It is difficult to track because it is made up of wealthy individual investors and helps primarily to start up companies. Firms play a bigger role in second and third business.

Investment opportunities come from friends, brokers and personal research. According to measurements, however, 51% were dissatisfied with their current knowledge. Therefore, some of these individual investor groups have begun to set up and help each other reach out to shops with common meetings. According to Kauffman Foundation, there are approximately 300 such groups. Many of them can be accessed through Thunderbird Angel Network (TAN) programs. These groups all work differently, for example, TAN seats five times a year. From 75 to 100 applicants, they are eligible for 3-4 investments. When an investor puts the amount to be invested in such a fund, a smaller investment fund is created and a designated person makes the investment decision. Since few individual investors have this solution, so few such foundations exist. A more popular form of funding is crowddowning, which is also suitable for previewing an idea.

Crowdfunding:

In 2010, Barack Obama signed the Jumpstart Our Business Startup (JOBS) law, which allowed companies to get more money and more money. By 2013, approximately 5.1 billion people gathered with crowdfunding.

After the JOBS entered into force in 2012, there were approximately 450 crowdfunding websites. Some sites have also helped assess the viability of small businesses, while specializing in some forms of crowdfunding. For example, Kickstarter specializes in creative projects and does not promise share or money to sponsors. He focuses on Kiva Cube, but he is

also involved in crowdfunding. However, the laws are still not clear about the fact that crowdfunding can be used for this capital. At all, you can only collect money but there is no limit to the amount you can collect. Entrepreneurs interested in the opportunity must be prepared to spend \$ 30,000 on legal documents.

Venture capital:

The nature of venture capital: Venture capital is often a well-managed form of initial capital. It is made up of the investments of real investors. It is the first, second, third stage of the company's launch, or it is willing to buy it. Long-term investment, since they can be worth over 5 years, often help to set up start-ups, or help increase or revitalize a company. These investments always have some kind of collateral they get from the companies and are actively involved in overseeing the operation.

Venture capital process: in order for an entrepreneur to obtain subsidies, it is necessary to understand the operation of the investment firms. To do this, you are willing to make changes to meet your needs. The main factor for them is the risk factor and, accordingly, the need for investors to change shares, investors in the initial phase would expect more for their investment as investors in the later stage, where risk is lower and higher rate of return and less supervision for smooth operation. They do not necessarily want to take over the company, but they need a place in management, so they only give advice and make everyday decisions in the hands of management. Since long-term investment is provided, mutual trust is important. Good and bad news should also be shared. The investor must be in the position to make strategic decisions. Three factors must be met before investing:

- Strong, responsible leadership that is willing to invest in your own business. Valamin is also a personal cognition, for example, a dinner with spouses.
- Market opportunities must be unique. However, specialties must be protected with patents and business secrets.
- Return Rate

Applying these factors is difficult to apply. There are four steps in this: preliminary screening, agreement on the bases, accountability and final agreement.

- Examine the business plan in advance screening. This plan must include precise goals, pervasive market analysis and financial plan. An investor will then analyze the state of

the industry, whether or not they will be able to reimburse the investment on the basis of the financial plan. And the management's previous achievements and qualifications.

- The fund agreement determines whether the investor is worth investing time and energy.
- Determining accountability is a long process and takes months to look at the company's past, business plan, and market. Opportunities and risks are taken into account.
- Last step of the final agreement is then the contract will be created under the terms.

Investigating Risk Investors: Most of the members of National Venture Capital Associati are on their website and can be selected according to their location and industry. Often at no charge, the organization issues information to those interested.

Accessing Risk Investors: Make sure that you are in the good industry and then submit your business plan with a short professional letter to them. At the first meeting, no more than three members of the board will appear. Finally, you should be prepared with a well thought-out oral presentation. In the course of the negotiations, there can not be too much effort in terms of the size of the capital to be distributed.

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Part III.

Intellectual property

Business and intellectual property are hand in hand. The concept of intellectual property is the result of all intellectual work such as inventions, artistic and literary works; as well as the symbols, names, pictures and designs used in the business.

Patents protect inventions. Business secrets protect the non-public information that is owned by the company. Trademarks cover the company's distinctive features (names, logos, etc ...), copyright to the company's original creations (artistic, literary, software etc ...).

Investors should be assured of employing intellectual property and protecting them. Of course, this protection is not free; you have to pay for this. Nothing is certain about intellectual property, a patent may not be accepted, a trademark already in use. To properly assess the risks, an entrepreneur must be at home in the intellectual property world.

These issues should be addressed not only in technical companies, but in almost all areas there are patents, trademarks and copyrights.

Fundamentals: What is Protective and How to Protect?

For a new idea, the question arises: How can it be prevented from being copied by competitors? Investors and shareholders will not stand up to financing your idea if the copies are released in a few moments after the launch, and as a result, their investment becomes a waste of money.

The next question is whether your idea violates someone's intellectual property?

As soon as it turns out that some forms of intellectual property protection can be applied to your imagined product or service, use them according to your budget.

Patents

There are three types of patents: the invention patent, the utility patent (utility model protection) and the design patent (design protection). Of these, the second is usually used, as this type of patent can protect the idea of combining familiar elements.

Obtain the right to use design rights

There is no need for an original idea for a utility model in exchange for a wide range of protection: it prevents competitors from manufacturing, importing and using a protected idea for 20 years. Accepting a patent usually takes 3 years.

The patenting process starts with the submission, and then the patent becomes a pending status (this does not provide protection).

The patent submitted must contain a detailed description of the best implementation of the idea. Submission must take place within 1 year of first use (in the United States, for the rest of the world before first use).

Terms of use protection

There is no standard way of submitting a patent, each case is unique, but usually includes: drawing, text description, requirement. The patent submitted must describe a novel, non-obvious thing. The novelty is easy to demonstrate, obviousness is usually highly subjective.

Formulation of patent claims

Everything comes up or down: if it's too precise, competitors can produce a very similar product with a few minor modifications without infringing the patent. But there are limits to how much it can be formulated: if we are over-exaggerated, our description will fit an existing product and our patent claim will be rejected.

Design protection

Design protection protects the look of the product rather than its functionality; provides significantly less protection.

Business secrets

Business secrets are information that gives you an edge over your competitors. Unlike patents, they do not have a formal definition, there is no procedure for obtaining them. A business secret is only protected by the actions of the holding company if they are bankrupt (independent discovery, decryption, etc.), nothing prevents competitors from using it.

In many cases, until the patent is adopted, the information they want to patent is treated as a business secret.

Since there is no formal procedure for dealing with business secrets, the misappropriation of these is often not taken seriously until litigation begins.

Trademarks

Trademarks are part of the ad space. Any word or symbol (or combination thereof) may be used to mark the origin of a product, provided that it does not characterize the product.

A registered trademark can prevent competitors from proclaiming similar products with the same words or symbols, confusing the consumer with the origin of the product. Protecting a trademark will last as long as it is owned by its owner.

As with business secrets, there is no (mandatory) formal procedure for registration: a trademark can be obtained for the first time and will remain owned by the company for use. It's important to note that if you have not used a trademark for 3 years, anyone can start using it freely. A trademark can be officially registered, a fraction of the cost of registering a patent.

Copyrights

Copyright refers to some kind of written work, media or software. There is no need for accurate copying, but little protection for technical and business innovations. Their registration is cheap and has immediate effect.

Licensing and transfer of technology

A license is a special form of contract or agreement. Contracts that deal with the exchange of technology or, in a broader sense, intellectual property - patents, trade secrets, scientific knowledge, copyrights and trademarks - are generally licensed.

In the case of an agreement, the license is rather a rental or lease. The owner retains ownership rights, the buyer only enjoys the right to use. It is understood that the agreement is exclusive because it has the same full right over property.

The exclusive license gives the buyer exclusive rights to use the purchased property for everyone else, sometimes even excluding the owner.

Non-exclusive licenses, on the other hand, allow the property to be used without the exclusivity guarantee. The owner can try to find several buyers and contract with them, as well as others with whom he has already contracted and the owner also enjoys the right to use.

Definition of buyer property and value, restrictions, copyright fees

Buyers should be assured that they get what they need, so the seller has to clear the boundaries. In a software license, if the grant is used only for the use of the software, not to modify it or to merge it with another software, this wording is required.

Restricting a license may include usage time, quantity of units and the value of the sale of goods or services in the money, and may even be limited geographically. Market restrictions are also commonplace, which determine the market areas to exploit the property.

When determining the value of a license, you first have to decide how much to acquire or build that property. Secondly, how the intellectual property affects the profitability of the product or the company and how much it increases revenue.

A "typical" patent fee for a non-exclusive license is 5% jointly for patent, commercial secrecy, scientific knowledge, but this can often vary, 10%, 20%, 25% or higher. Exclusively for exclusive licenses, the buyer enjoys full exclusivity and the owner takes the risk that the buyer may not perform.

Agreement on License Terms

Owners tend to look for a way to ensure that the buyer has the best options to exploit the property and maximize the owner's income.

One solution is to simply give an article in which the buyer promises to use it as best they can. Another solution is to enforce certain results from the buyer, for example, a minimum investment that can be determined in cash, working hours, or even specific performance

targets or sales. A simpler path: the buyer pays a minimum amount of money as a copyright fee annually, or reaches the sale level or not. A little preliminary research on the buyer (revenue, credit ratio, experience, reputation) can dissuade a lot of fear and exclude more incompetent candidates.

These clauses generally apply to all licenses, both for American and foreigners. There are other clauses for foreign licenses, because in each country there is little difference in intellectual property judgment.

Software protection

In the case of software, the scope of patent protection extends beyond the encoding, the structure, the user interface and the menu of the program, alongside the concept underlying the algorithm. The software can be assembled from the components of earlier software until it works in other ways and produces other results, since the patent law stipulates that old parts can be patented if it is completely new.

Copyright protects all forms of programs, from source code to machine code. No distinction is made that the program is an operating system, application or microcode, a micro program that is contained in a microprocessor.

Agreements on intellectual property protection

Important defense solutions - a work contract, consultancy contract, confidentiality agreements - are important for defending a new idea or product.

A common element of the aforementioned treaties is to define the obligations of the parties at critical early stages of development, so before any work is undertaken, critical information is disclosed and money is exchanged between the parties.

Worker rights and their transfer

One of the most important stipulations in the employment contract is the employee's consent to the full right, interest, title to the company, every idea, innovation and creativity - be it design, development, inventions, modifications, trade secrets, writings and other works, including software, databases and other computer related products and processes. The transfer is necessary, whether patentable or legally protected, whether or not these elements. Obliga-

tions must be respected, whether they have worked alone with the employee or with others and whether they are working in normal working hours or in a business area. Until your work falls within the business scope of the business, all research, testing, or results, or work done, becomes the property of the company.

In the event of a dispute over copyright, the court will examine whether the author has provided a full working week, allowances, insurance, office or work area. If the author is not a full-time employee of the company, copyright belongs to the person rather than the company.

Competition exclusion clause

The employee agrees that he or she is not behaving as a competitor for a certain period of time during the period of his employment. One way to prevent this is to use it as a counselor for a predetermined time, so access to critical information is greatly reduced, but will be fairly compensated.

Consulting contracts

An advisory agreement must clearly include the task that the counselor has hired - for example, researching, analyzing and solving a new area. Counseling links may contain a significant amount of confidential information, trade secrets, and patent information. The company must limit the information available to the consultant to perform the work and limit the counselor's freedom to use them.

Confidential disclosure agreements

It is advisable to sign a confidential information agreement with the recipient when it is valuable to disclose a valuable idea, information, invention or any knowledge.

The recipient must agree that he or she will hold all the information, without publishing it without written permission. Information in this context applies to all trade secrets, confidential and patent information, whether material or intangible, oral or written, and of any nature (such as technical, marketing, financial). It must be restricted to allowing only persons to access this information who need their work and who have a confidentiality obligation towards the recipient. Buyers can request a time limit after which they will be free to disclose or use data, which may range from several months to several years.

Under a non-confidential information sharing agreement, the disclosure party waives all rights to the information except for any patent or copyright protection.

Entrepreneurial growth

Growth opportunities have to be counted from the start of business. As more and more orders, orders, customers are available, growing care is increasingly on the agenda. The entrepreneur needs to consider how he or she is managing the extra revenue generated by growth, how to solve the linearly growing resource needs, and ignore the preparation and planning for long-term success.

Growth is influenced by stakeholders with financial gains in the success of the business, such as investors, consumers, suppliers and employees. In the growth phase, four drivers need to be considered: management, scope, organizational resources and capabilities as well as implementation. These four forces must find the entrepreneur the right balance.

The focus of the growth model is the implementation, which is simultaneously dependent on the other three (management, scope, organizational resources and capabilities and execution), but is closest to the profits. Without an adequate management system, the company will not be able to optimize its decision making and prevent resource waste. An effective management system includes:

- Collection of settlement receivables and provisions
- Inventory management system
- Calculate the provisions to be paid
- Assess performance and expenditure
- System for tracking trends in cash, claims, inventory, payments, expenses, performance

One of the most important of the measurements is to be as simple and economical as possible to provide the information you need to make better decisions.

Cash cycle shows the amount of time spent between money and revenue during the sales process of the company and shows the link between the three most important levels:

- Payments in days,

- Inventory days,
- Outstanding sales in days

The value chain is a sequence of steps that show the activities and entities that we need to coordinate in order to enable the company to deliver the products. You can use startup external resources in addition to the foreground because you do not have the proper resources and capabilities to complete your business within your organization.

Opportunity domain

As long as a startup focuses on forming an opportunity and achieving the way it grows, leadership needs to come up with a new strategic arena that helps to make decisions about industrial competition and the production of values. On the other hand, an organization has to come up with the arena to balance the structure of individual capabilities and its distinction between competitors. Balance finally helps decision-making in the sale and sale of products and in what options it takes to expand the business.

A well-structured growth strategy at the beginning of growth helps guide the company through opportunities that materialize when they achieve success. Often, startup builds on several different options without defining what is typically doing well. In the early stages of growth, it is necessary to define and develop the company's goals.

In the later growth phase, the company has established its competitive uniqueness and is able to influence this, so it can focus on the future. You can continue to increase your current position advantage. Over time, opportunities will be reduced and additional expansion and expansion into new areas will be needed. However, continuous attention should be paid to new developments in the industry and the market environment, as they can determine what efforts should be focused over a given period. For example, maximize your revenue before competing or venturing into new areas if the previous one is saturated with strong competitors.

Obviously, companies need to be led not only by the maximum utilization of current capabilities. Expansion opportunities can extend the range of these capabilities, and the company can choose to build new ones over time. One of the uncertainties that entrepreneurs can count on is change. It has to be calculated, responded to, and in some cases controlled. The growing corporation must be receptive to upcoming environmental changes, maintain its

ability to modify its strategy, and build a different kind of uniqueness in the changed environment.

Organizational resources and capabilities

Efforts to make a business start to grow are hand in hand with management. By increasing cash flow, a growing corporation is more likely to avoid a financial crisis and avoid unwanted investors and lenders. It is possible to finance its growth, thereby reducing its external investment. The bootstrap mentality is not just the beginning, it is a persistent orientation that will maximize revenue later on. Despite the success and the future prospects, the company has only a few opportunities at its early stage of growth.

Early growth sources include:

- Investment from management
- Founder loans
- Family and friends
- Business angel (angel investor)
- Entrepreneurial capital
- Credit for assets
- Renting of equipment
- Credit Cards

As the company starts to grow later and strives to expand, it will need resources that better meet higher-risk, long-term investments. The company needs shareholders.

Resources in the startup era include people, but the focus is on the leader. From the beginning, specialists are needed. General knowledge is important for startups: Everyone must be able to do all the work. As the company grows and becomes more complex, it will be harder to maintain efficiency with general knowledge. In this case, specialists should be employed for certain positions such as marketing, finance, logistics. Your skills should be consistent with the company's strategic focus.

The management

Entrepreneurs usually do everything themselves that is necessary for the organization to function. Sometimes, the company already overtakes its capabilities at an early stage, with signs that:

- Making decisions is getting harder
- The choices to make are growing
- Everyone is doing everything else but there are more and more bigger mistakes
- If the contractor is not affected, there is no progress

At the beginning of the delegation process, the contractor assigns specialized tasks, so you have to spend less time with your daily tasks and focus on what you are most comfortable with. At the same time, you need to go through execution, by providing managers with help, but if necessary, intervening if the initiatives collide with resistance. The assignment process is difficult for the entrepreneur, but it is necessary to sustain the company in the growth phase. You could continue alone, but you can not do it. Employees would not necessarily have any problems with the absence of the committee. They do not have to take responsibility for their outcomes.

In the early stages, supervisors can get out of the company too. On the one hand, they deserve promotion, since they were present from the beginning. On the other hand, they are more involved in the company's operations. In that case, consideration should be given to whether the potential holders have the potential to be managers and whether they will be able to develop their skills, training and experience. If the business has not yet set up the manager's structure when the external and internal states are changing rapidly, or if the experience difference between the current staff and the necessary management and the training is too risky, it is necessary to apply managers from outside. This can also cause a problem, as an outsider will not be respected by employees as if someone were already known from the beginning.

The delegation process of the early stage will later become a decentralized feedback system as the organization begins to grow. At a later stage of growth, the company should have the right management. If your organization has set up its management system, management structure, and strategic goals, you can start looking into the future. To do this, the increasingly complex task requires a lot of experience, and internal promoted staff are unlikely to be qualified. In this case, an external manager must be used. Carefully uploading leadership

positions, providing different visions and more comprehensive experience for your business. It is important for the company to be proactive with approaches to the approach of new values.

The management will go through continuous changes. Initially, they are placed in these positions who are unlikely to have high level of experience but are able to provide the entrepreneur with adequate support in his initial endeavors. As the company evolves, the board will fulfill strategic goals with people who are better able to see the industry and the market.

The leading force model has a link between the three elements: organizational resources and capabilities, opportunity range, leadership. The focus is on implementation. Capabilities determine the areas in which the company can best be represented, while the range of options extends this. The management explores the opportunity range with its strategic focus and adjusts it, taking into account market and industry changes. At the same time, their task is to balance the range of possibilities and skills. The most common human error is inadequate preparation and keeping unsuitable employees. As the need for specialists and managers grows, tasks overperform the staff. Some will be able to grow up to the task, but the rest must be moved, sometimes forgiven. Adaptation takes them time, so often external workforce is used. In this case, the problems caused by the integration need to be considered.

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