

Entrepreneurship and business establishment

Lesson 1: The entrepreneur

Dr. Vanessa Campos-i-Climent

Learning outcomes:

- be able to understand what **entrepreneurship** is
- Identify the entrepreneur's main **competencies and skills** and why are they important
- Be able to define **creativity** and why is it important in the business context
- Define what **new ideas feasibility** means
- Be able to identify **social entrepreneurs'** main traits

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1.1 Entrepreneurship

**1.2 Entrepreneur's basic competencies
and skills**

1.3 Creativity and new ideas feasibility

1.4 Social Entrepreneurs

References:

Barringer, B. & Ireland, R. (2015), Entrepreneurship. Successfully launching new ventures, 5th Edition, Pearson, NY.

Mariotti, S. & Glackin, C. (2016): Entrepreneurship. Starting and Operating a Small Business, 4th Edition, Pearson, NY.

Hisrich, R.D. et. al. (2019), Entrepreneurship, 11th Edition, Mc Graw Hill

1.1 Entrepreneurship

❑ Traditional definition: It is the process of starting new businesses, generally in response to opportunities

❑ Does such definition fit the current reality?

- Yes or not
- Why?

1.1 Entrepreneurship

- Accidental entrepreneurs
- Corporate refugees
- Social entrepreneurs
- Green entrepreneurs

1.1 Entrepreneurship

Innovative practices?

Entrepreneurial
venture



Small business

In EU < 250 employees
In US < 500 employees

1.1 Entrepreneurship

Innovative practices?

Schumpeter's definition describes five basic ways that entrepreneurs find opportunities to create new businesses:

1. Using a new technology to produce a new product
2. Using an existing technology to produce a new product
3. Using an existing technology to produce an old product in a new way
4. Finding a new supply of resources (that might enable the entrepreneur to produce a product more economically)
5. Developing a new market for an existing product

1.1 Entrepreneurship

Type of entrepreneurial ventures

Salary-Substitute Firms

Firms that basically provide their owner or owners a similar level of income to what they would be able to earn in a conventional job

Lifestyle Firms

Firms that provide their owner or owners the opportunity to pursue a particular lifestyle, and make a living at it

Entrepreneurial Firms

Firms that bring new products and services to the market by creating and seizing opportunities regardless of the resources they currently control

Source: Barringer & Ireland (2015)

1.1 Entrepreneurship

Social
Entrepreneurship

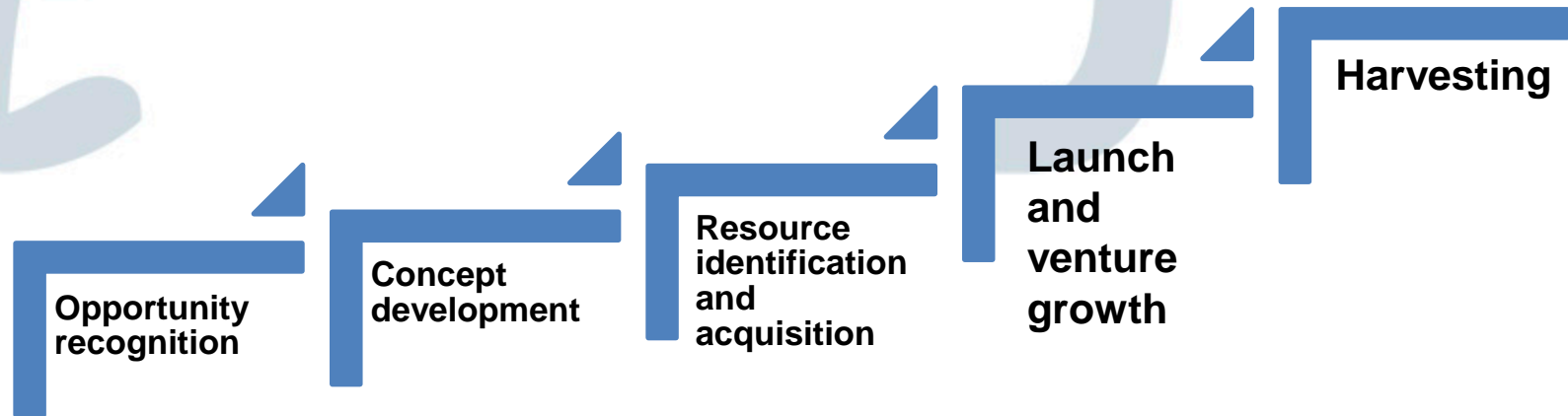
Green
Entrepreneurship

Corporate
Entrepreneurship

Sustainable
Entrepreneurship

1.1 Entrepreneurship

Entrepreneurial process (Stages)



1.2 Entrepreneur's basic competencies and skills

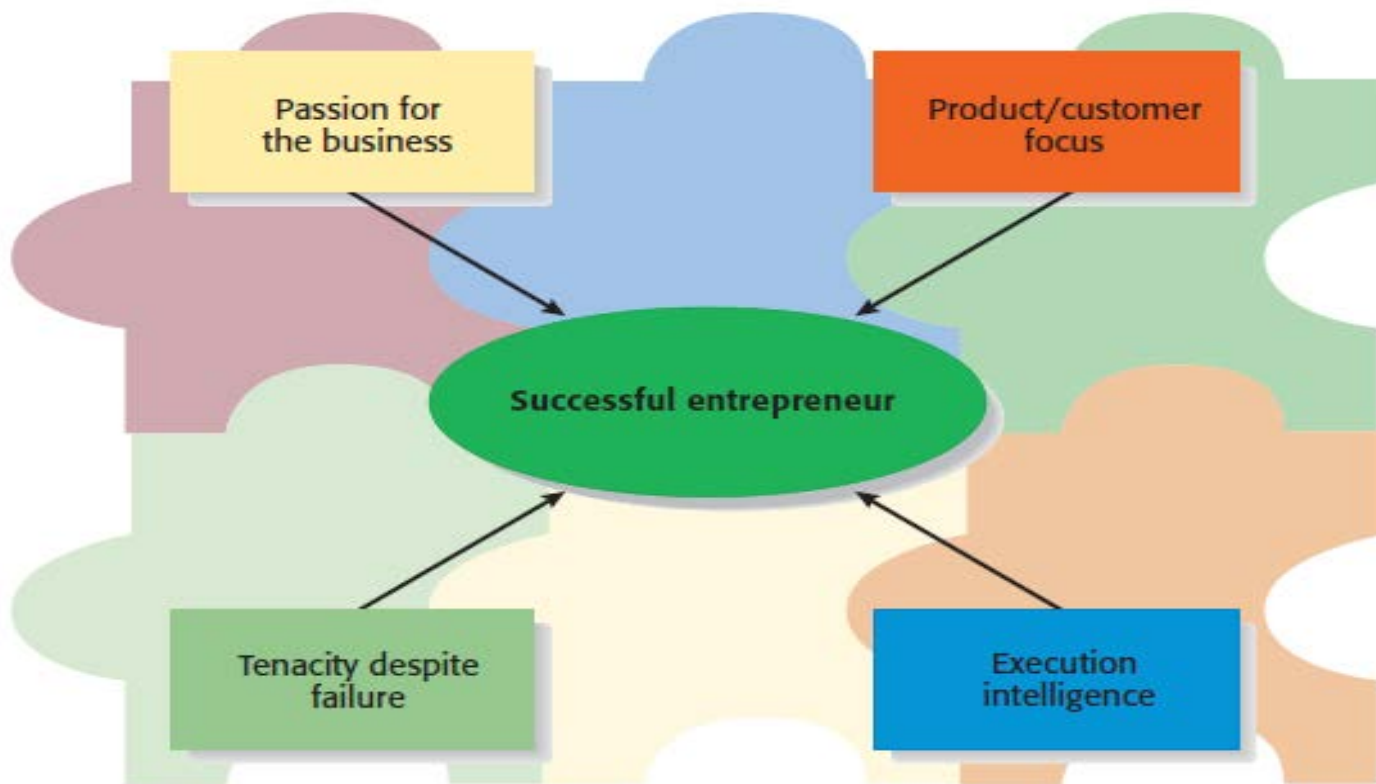
Think of someone you know (personally
or not) who is an entrepreneur

How would you describe her / him?

1.2 Entrepreneur's basic competencies and skills

Entrepreneurs' common traits	Successful entrepreneurs' common traits	Summarizing
<ul style="list-style-type: none"> <input type="checkbox"/> High level of motivation <input type="checkbox"/> Self-confidence <input type="checkbox"/> Ability to be involved for the L/T <input type="checkbox"/> High energy level <input type="checkbox"/> Persistent <input type="checkbox"/> Initiative <input type="checkbox"/> Ability to set goals <input type="checkbox"/> Moderate risk-taker 	<ul style="list-style-type: none"> <input type="checkbox"/> High energy level <input type="checkbox"/> Persistent <input type="checkbox"/> Resourcefulness <input type="checkbox"/> Desire and ability to be self-directed <input type="checkbox"/> Relatively high need for autonomy 	<p>P p r e o r a s c o t n i a v l e i t y</p>

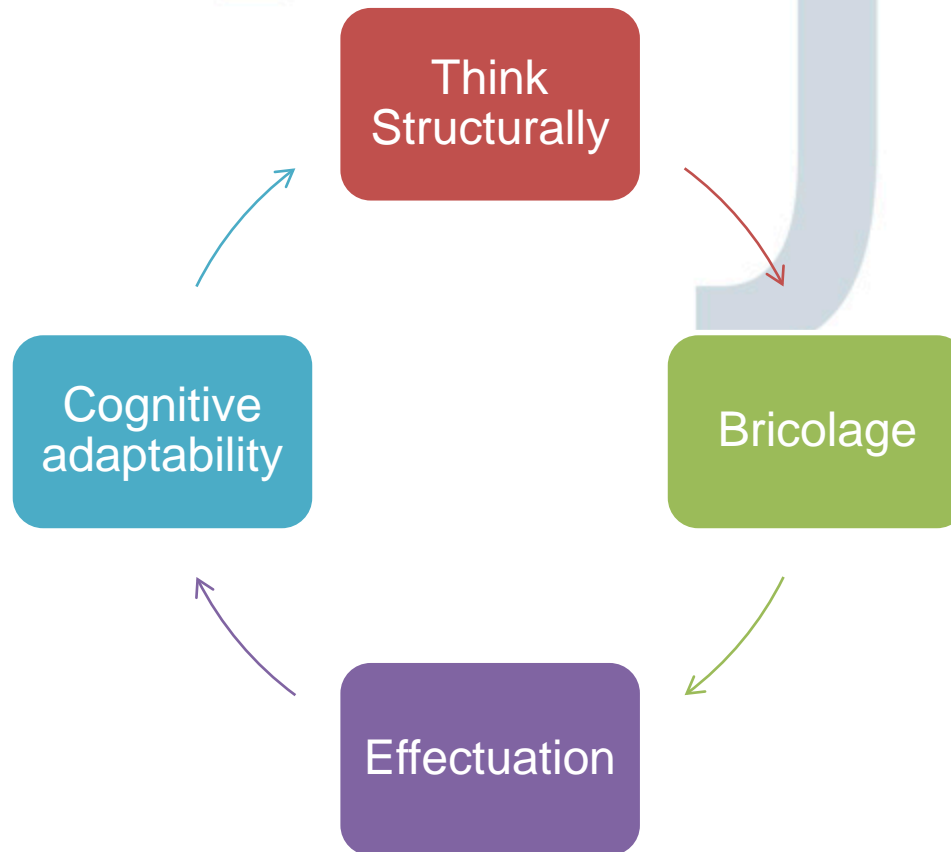
1.2 Entrepreneur's basic competencies and skills



Source: Barringer & Ireland (2015)

1.2 Entrepreneur's basic competencies and skills

Entrepreneurial thinking



1.3 Creativity and new ideas feasibility

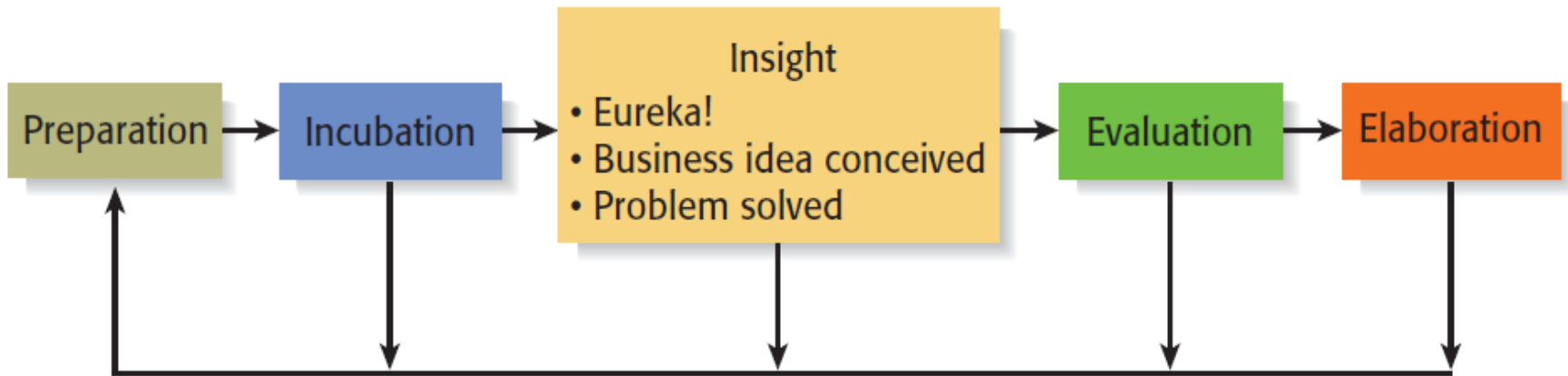
- What is creativity?
- How new ideas are created?
- What's the difference between a new idea and a business opportunity?

1.3 Creativity and new ideas feasibility

□ Creativity:

- Creativity is the process of generating a novel or useful idea.
- Opportunity recognition may be, at least in part, a creative process.
- For an individual, the creative process can be broken down into five stages, as shown on the next slide.

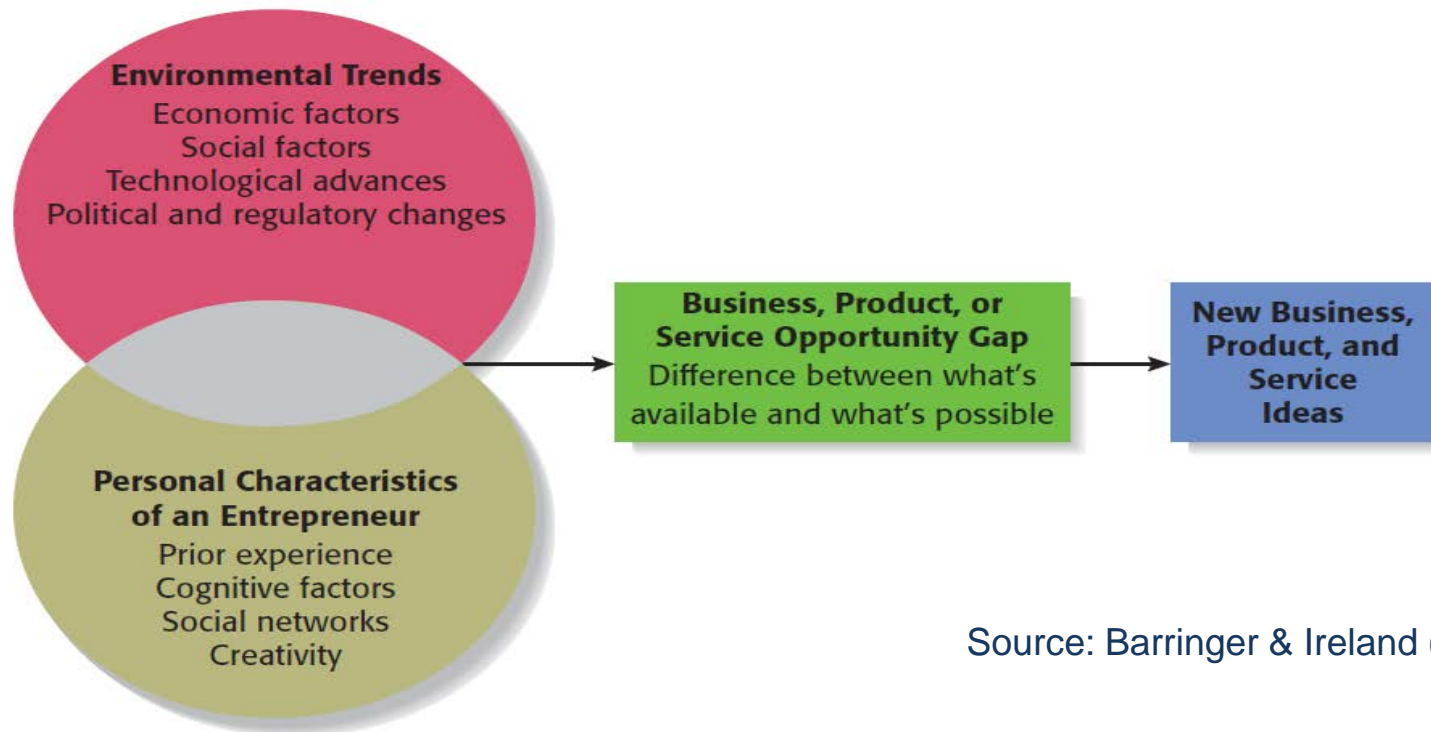
1.3 Creativity and new ideas feasibility



Source: Barringer & Ireland (2015)

1.3 Creativity and new ideas feasibility

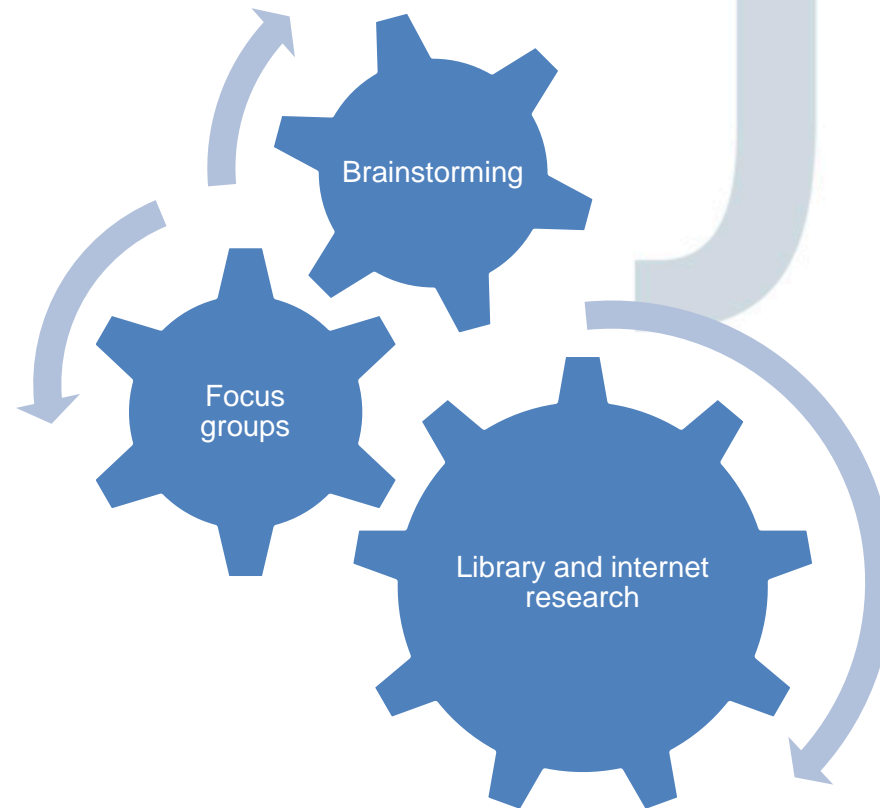
Links among creativity, opportunity recognition and new ideas



Source: Barringer & Ireland (2015)

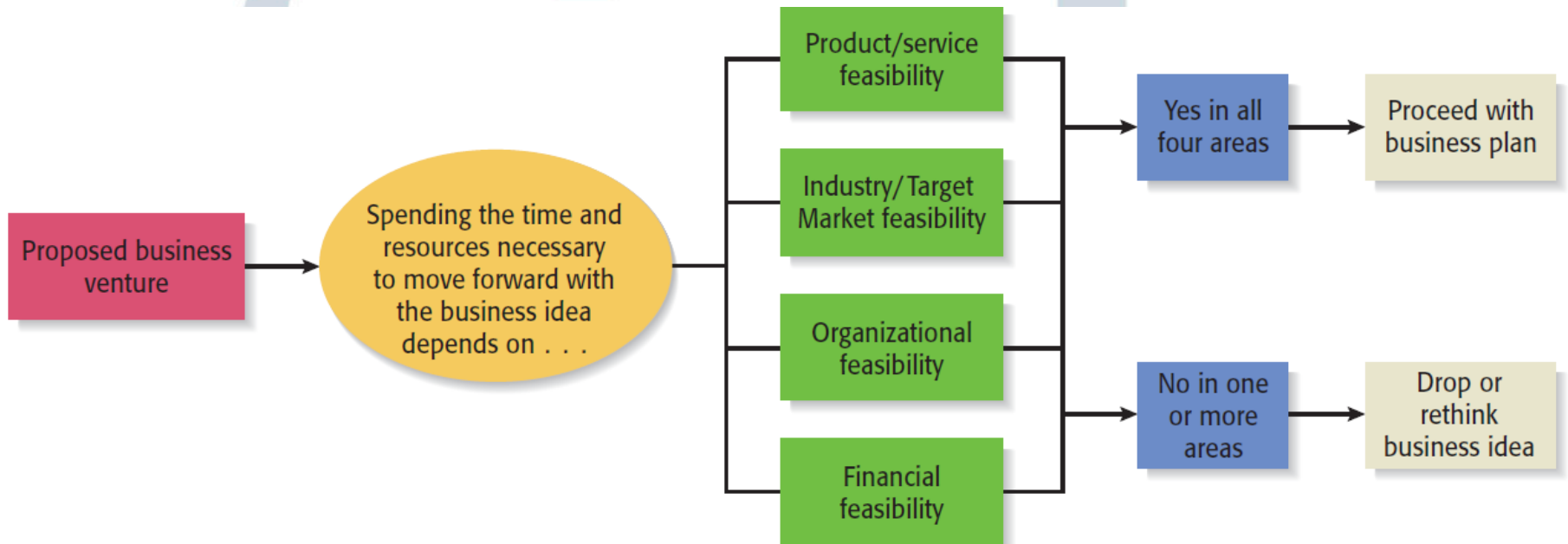
1.3 Creativity and new ideas feasibility

Techniques for Generating Ideas:



1.3 Creativity and new ideas feasibility

Feasibility analysis



Source: Barringer & Ireland (2015)

1.3 Creativity and new ideas feasibility

TABLE 3.1 FEASIBILITY ANALYSIS

Part 1: Product/Service Feasibility

- A. Product/service desirability
- B. Product/service demand

Part 2: Industry/Target Market Feasibility

- A. Industry attractiveness
- B. Target market attractiveness

Part 3: Organizational Feasibility

- A. Management prowess
- B. Resource sufficiency

Part 4: Financial Feasibility

- A. Total start-up cash needed
- B. Financial performance of similar businesses
- C. Overall financial attractiveness of the proposed venture

Overall Assessment

1.4 Social Entrepreneurs

- ▶ **SE addresses social problems or needs not met by private markets or government**

- ◊ Innovative solutions, unmet needs, private action

- ▶ **SE is motivated primarily by social benefit**

- ◊ Social mission + entrepreneurial behavior

- ▶ **SE generally works with market forces**

- ◊ Combining social purpose with financial sustainability



Entrepreneurship and business establishment

Lesson 2: Business Plan

Dr. Vanessa Campos-i-Climent

Learning outcomes:

- be able to understand what a **business proposition** is
- Identify the sources of **value creation**
- Differentiate the components of a **full business plan**
- Recognize and demonstrate **proper development** and formatting of a full business plan

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- 2.2 Value proposition**
- 2.3 Competitors**
- 2.4 Strategy**
- 2.5 Market segmentation**
- 2.6 Financial plan**
- 2.7 Other aspects: legal, HR**

References:

- Aulet, B. (2013), Disciplined Entrepreneurship, Wiley, NY (available on-line)
- Barringer, B. & Ireland, R. (2015), Entrepreneurship. Successfully launching new ventures, 4th Edition, Pearson, NY. Ch.3,4,5,6,7,8 and 9
- Mariotti, S & Glackin, C. (2016), Entrepreneurship: starting and operating small businesses, 4th Edition, Pearson, NY, Ch. 4 and 9

Full Business Plan components

Cover Page

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2.0 Mission, Vision, and Culture

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Full Business Plan components

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5.2 Pricing

5.3 Promotion

5.4 Place

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6.3 Physical Location

6.4 Facilities

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Full Business Plan components

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- 7.2 Cash Flow Projections
- 7.3 Balance Sheet Projections
- 7.4 Income Statement Projections
- 7.5 Breakeven Analysis
- 7.6 Ratio Analysis
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Full Business Plan components

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8.1 Amount and Type of Funds Requested

8.2 Exit Plan

8.3 Milestones

Appendices

Resumes

Sample Promotional Materials

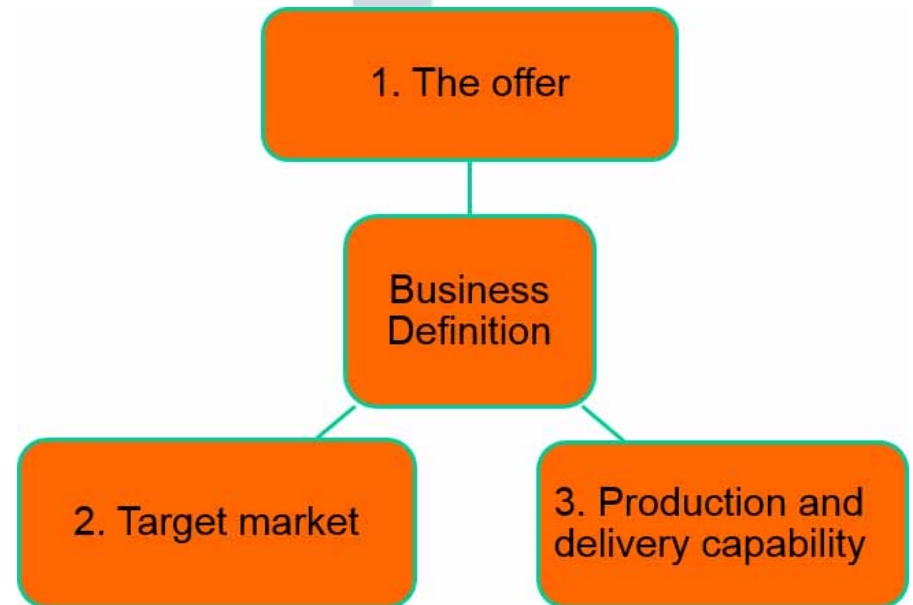
Product Illustrations/Diagrams

Detailed Financial Projections

2.1 Executive summary

A Snapshot of Your Business

The executive
summary has to
be compelling
and
comprehensive.



Source: Mariotti & Glackin (2016)

2.2 Value proposition

**What's value in the business
context?**

Value for whom?

Stakeholders' approach

2.3 Competitors

When studying an industry, an entrepreneur must answer 3 questions:

1. Is the industry Accessible?

in other words, is it a realistic place for a new venture to enter?

2. Does the industry contain markets that are ripe for Innovation or are underserved?

3. Are there positions in the industry that Avoid some of the negative attributes of the industry as a whole?

2.3 Competitors

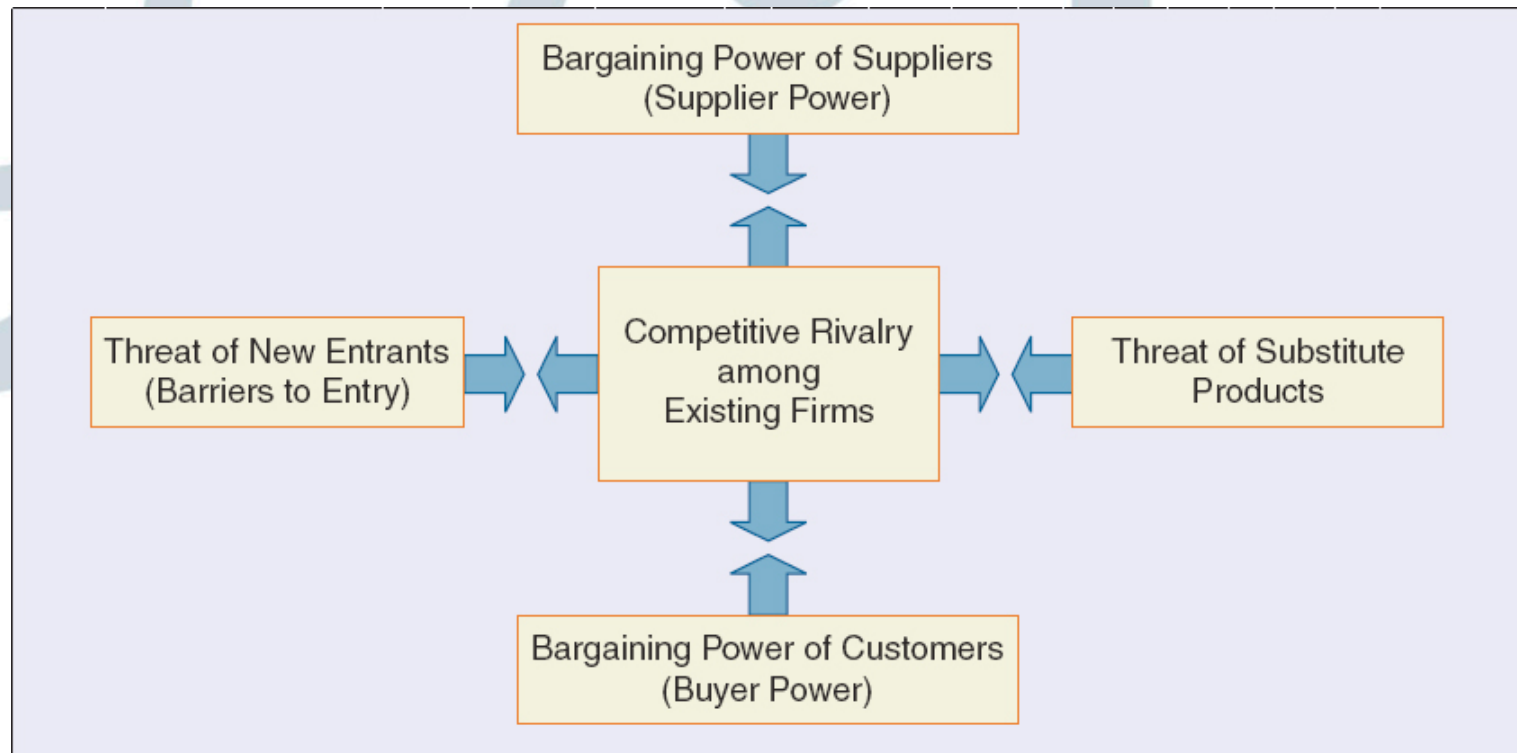
How can we assess Industry Attractiveness?

Study Environmental
and Business Trends
(PESTEL)

The Five
Competitive
Forces Model

2.3 Competitors

Porter's Five Forces framework



Source: Porter, M. "How Competitive Forces Shape Strategy," Harvard Business Review, March/April 1979, pp. 137–145.

2.3 Competitors

Competitive Force	Threat to Industry Profitability		
	Low	Medium	High
Threat of substitutes			
Threat of new entrants			
Rivalry among existing firms			
Bargaining power of suppliers			
Bargaining power of buyers			

Instructions:

Step 1 Select an industry.

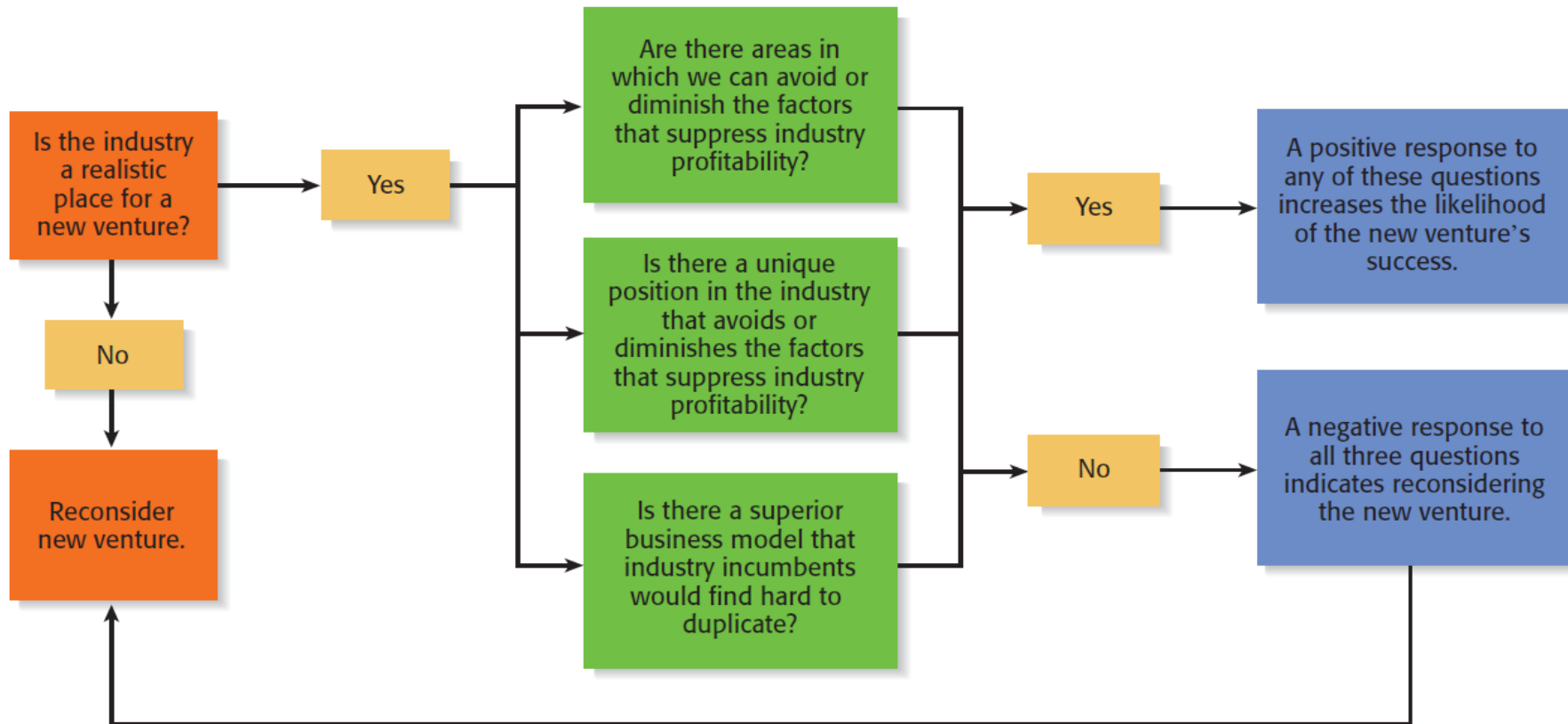
Step 2 Determine the level of threat to industry profitability for each of the forces (low, medium, or high).

Step 3 Use the table to develop an overall feel for the attractiveness of the industry.

Step 4 Use the table to identify the threats that are most often relevant to industry profitability.

2.3 Competitors

Using the Five Forces Model to Pose Questions to Determine the Potential Success of a New Venture in an Industry



2.3 Competitors

Types of competitors

Direct Competitors

Businesses offering identical or similar products

Indirect Competitors

Businesses offering close substitute products

Future Competitors

Businesses that are not yet direct or indirect competitors but could be at any time

Source: Barringer & Ireland (2015)

2.3 Competitors

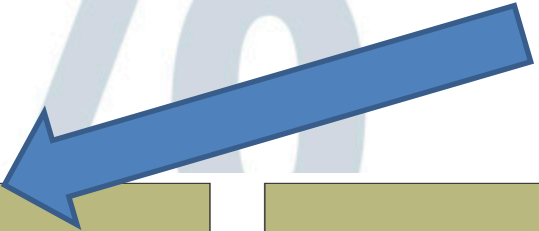
The 6 Factors of Competitive Advantage

1. **Quality.** Can you provide higher quality than competing businesses?
2. **Price.** Can you offer a lower price on a sustained basis than your competition, or does your higher price reflect quality and/or uniqueness?
3. **Location.** Can you find a more convenient location for customers?
4. **Selection.** Can you provide a wider range of choices than your competitors can?
5. **Service.** Can you provide better, more personalized customer service?
6. **Speed/turnaround.** Can you deliver your product/service more quickly than the competition?

2.4 Strategy

- ❑ Strategy is a part of the Business Model
- ❑ What's Business Model?
 - ❑ A business model is a firm's plan or recipe for how it creates, delivers, and captures value for its stakeholders.
 - ❑ The proper time to develop a business model is following the feasibility analysis stage and prior to fleshing out the operational details of the company.
 - ❑ A firm's business model is integral to its ability to succeed both in the short and long term.

2.4 Strategy



Core Strategy	
Business Mission	Basis of Differentiation
Target Market	Product/Market Scope

Resources	
Core Competency	Key Assets

Financials	
Revenue Streams	
Cost Structure	Financing/Funding

Operations	
Product (or service) Production	Channels
	Key Partners

2.5 Market segmentation

Think about:

- 1. What's market segmentation?**
- 2. What do I need to perform it?**
- 3. How can I successfully segment a market?**

2.5 Market segmentation

Research Prepares You for Success

- Whether you have a product or service you want to market, or are searching for a market opportunity with the aim of creating a product or service to fill that need, research can help you succeed.
- Your research can be conducted at the level of the industry, the market segment, or the individual consumer.
- Whereas the questions you ask will be different at each level, the methods of conducting the research are similar.

2.5 Market segmentation

market research - the collection and analysis of data regarding target markets, industries, and competitors.

Market research is the process of finding out:

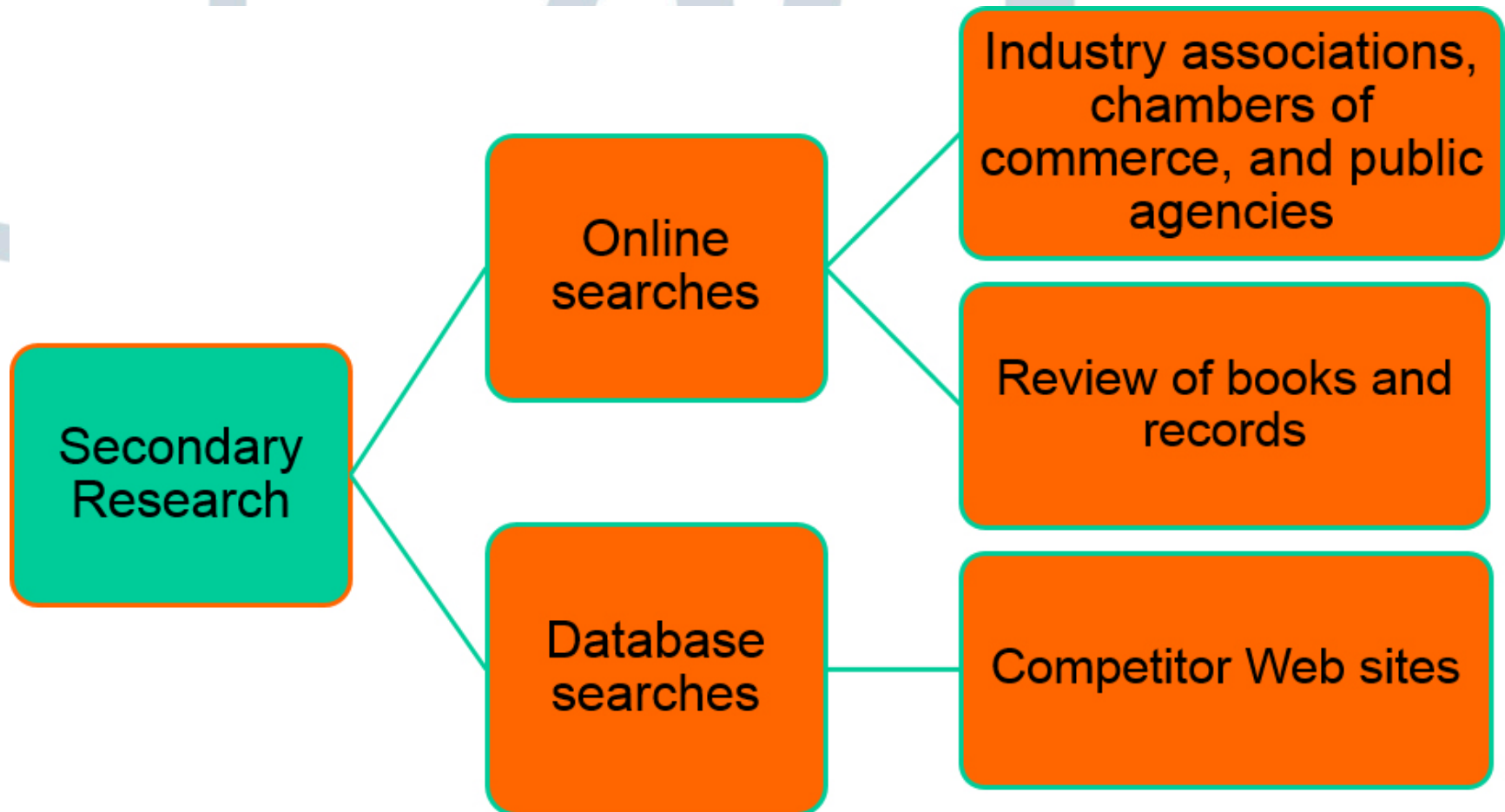
- who your potential customers are,
- where you can reach them,
- what they want and need,
- how they behave, and
- what the size of your potential market is.

2.5 Market segmentation

Primary research methods:

- ❑ **Personal interviews.** Interview individuals face to face, using either flexible question guides or structured, step-by-step surveys.
- ❑ **Telephone surveys.** These are personal interviews conducted via telephone.
- ❑ **Written surveys.** These can be administered through the postal service or by e-mail or on special Web sites.
- ❑ **Focus groups.** If you want to get information that is generated through guided group discussion, you can use focus groups.
- ❑ **Observation.** By watching, you can observe patterns of interaction, traffic patterns, and volume of purchases that will help you understand your prospective customers and your competition.
- ❑ **Tracking.** It can be useful to track advertisements, prices, and other information through the media.

2.5 Market segmentation



2.5 Market segmentation

market segment - a group of consumers or businesses that have a similar response to a particular type of product or service.

- ❑ Marketing strategies are focused on the customer, and a business has to choose which customers to target.
- ❑ Home Depot's competitive advantage would not be strong in the market segment composed of professionals, in which the distribution channels are strong and well established.
- ❑ It is difficult to target very different segments of a market simultaneously.

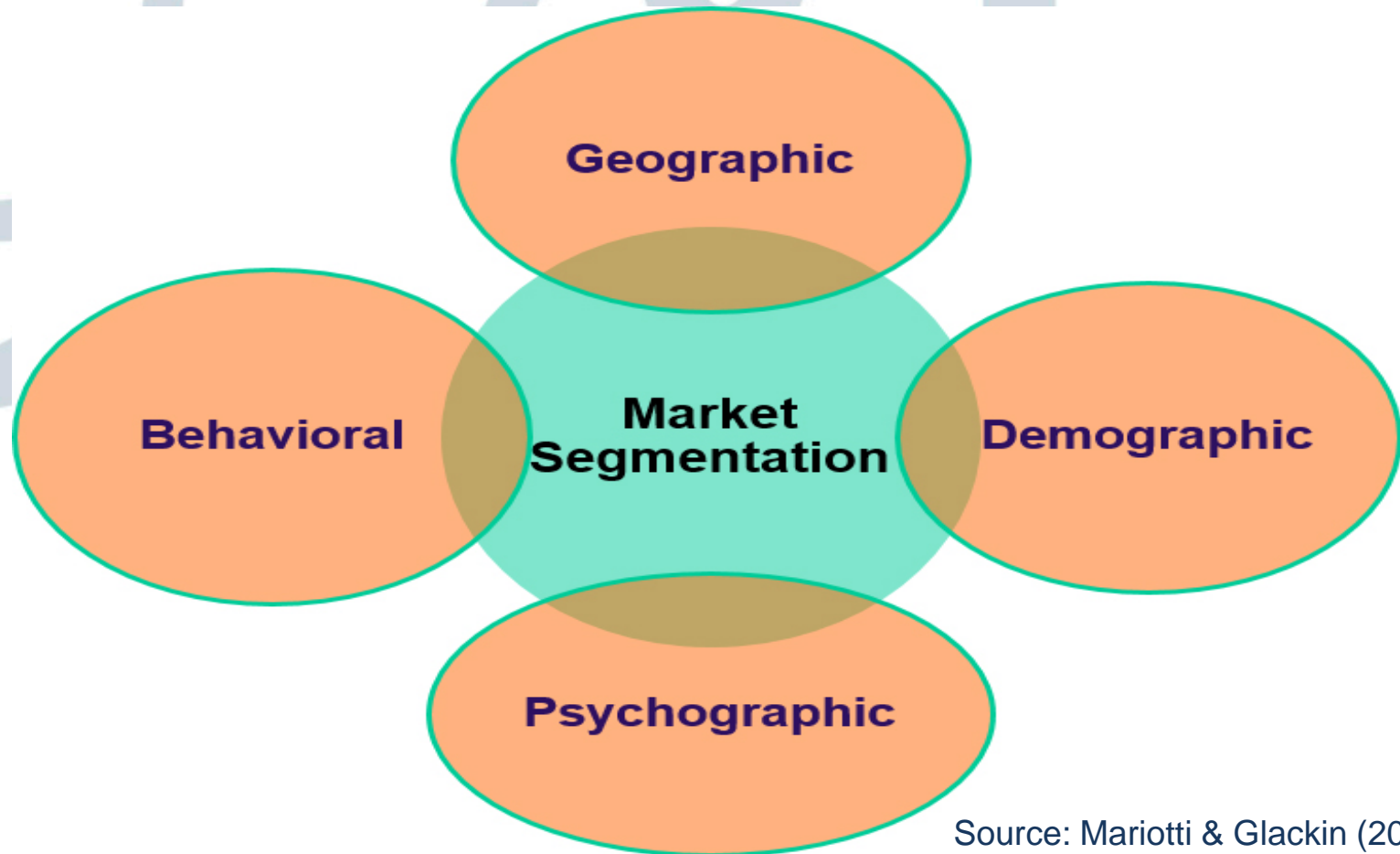
2.5 Market segmentation

Successful Segmenting: The Body Shop

- ❑ The Body Shop is a good example of the success that can result from choosing the right market segment.
- ❑ Founder Anita Roddick disliked paying for expensive packaging and perfuming when she bought cosmetics.
- ❑ She was also annoyed by the extravagant claims made by many cosmetics companies and by the high prices of their perfumes and lotions.
- ❑ Roddick saw an opportunity to create a different line of cosmetics.
- ❑ She would use natural products that would be packaged inexpensively and marketed without extravagant claims.

2.5 Market segmentation

4 basic ways to segment:



Source: Mariotti & Glackin (2016)

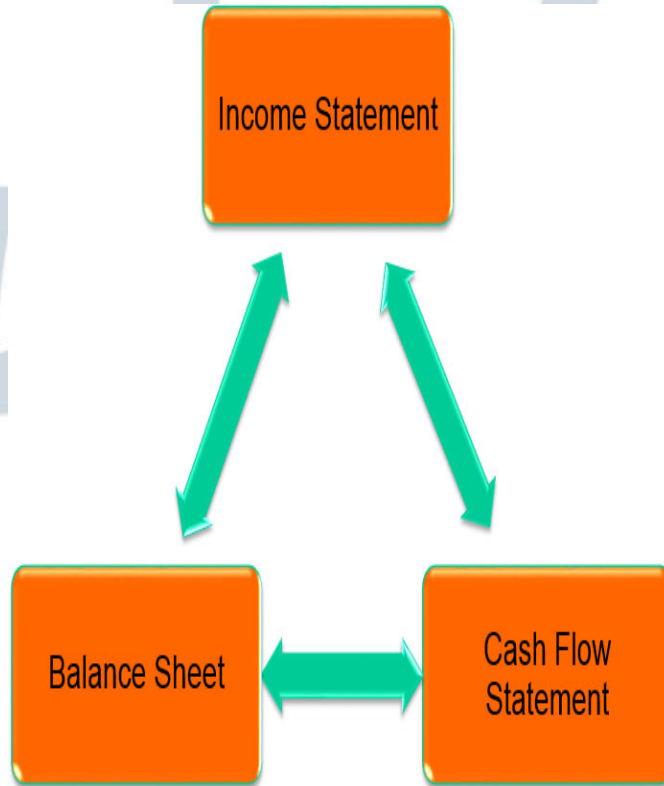
2.5 Market segmentation

Here are a few questions you can adapt to your own product or service:

1. Do you currently use this type of product?
2. What brand of this product do you currently use?
3. Where do you buy it? Please be specific about the source, such as the name and location of the store, the direct-marketing representative, or Web site.
4. How much do you pay for it? (Probe for size and price, if appropriate.)
5. How often do you buy it?
6. Would you buy our product/service?
7. How much would you be willing to pay for it?
8. Where would you shop for it?
9. How would you improve it?
10. Now that you have seen/tasted/felt/smelled this product, what do you consider to be its closest competitor?
11. Is our product/service worse or better than those of our competitors?

2.6 Financial Plan

You must work on:



- ❑ Together, they show the health of a business at a glance.
- ❑ Best practice for entrepreneurs is to use their financial records to prepare monthly income statements and balance sheets and then finalize these at the end of the fiscal year.
- ❑ Cash flow statements should be prepared at least monthly.
- ❑ These statements will provide a concise, easily read and understood company financial picture.

Source: Mariotti & Glackin (2016)

2.6 Financial Plan

A Basic Company, Inc.

Income Statement for the Month Ended June 30, 2018

Sales/Revenue	\$1,025,000
Cost of Goods Sold	<u>325,000</u>
Gross Profit (Gross Income)	\$700,000
Selling, General & Administrative Expenses	500,000
Depreciation	<u>80,000</u>
Operating Profit (EBIT)	\$120,000
Interest Expense	<u>80,000</u>
Net Profit Before Taxes	\$40,000
Taxes (40%)	16,000
Earnings Available to Common Shareholders (\$24,000)	
Dividends or Owner Draw	<u>10,000</u>
Net Income	<u>\$6,000</u>

2.6 Financial Plan

A Basic Company, Inc. Balance Sheet (1 of 2) December 31, 2018

Assets		Liabilities	
Current Assets		Current Liabilities	
Cash	\$75,000	Accounts payable	\$1,500
Accounts receivable	250,000	Notes payable	175,000
Inventory	500,000	Accrued wages payable	75,000
Supplies	80,000	Accrued taxes payable	20,000
Prepaid expenses	<u>15,000</u>	Accrued interest payable	<u>25,000</u>
Total Current Assets	\$920,000	Total Current Liabilities	\$770,000

Source: Mariotti & Glackin (2016)

**A Basic Company, Inc.
Balance Sheet (2 of 2)
December 31, 2018**

2.6 Financial Plan

Long-Term (Fixed) Assets	Blank	Blank	Long-Term Liabilities	Blank
Land	Blank	\$500,000	Mortgage	\$900,000
Buildings	\$700,000	Blank	Notes payable	<u>500,000</u>
Less accum. depreciation	<u>70,000</u>	630,000	Total Long-Term Liabilities	\$1,400,000
Vehicles	\$200,000	Blank	Blank	Blank
Less accum. depreciation	<u>60,000</u>	140,000	Owner's Equity	Blank
Equipment	\$250,000	Blank	Prime Owner, paid in capital	\$197,500
Less accum. depreciation	<u>12,500</u>	237,500	Retained earnings	<u>100,000</u>
Furniture and fixtures	\$50,000	Blank	Total Owner's Equity	\$297,500
Less accum. depreciation	<u>10,000</u>	<u>40,000</u>	Blank	Blank
Total Fixed Assets	Blank	\$1,547,500	Blank	Blank
Total Assets	Blank	<u>\$2,467,500</u>	Total Liabilities and Owner's Equity	<u>\$2,467,500</u>

Ratio analysis

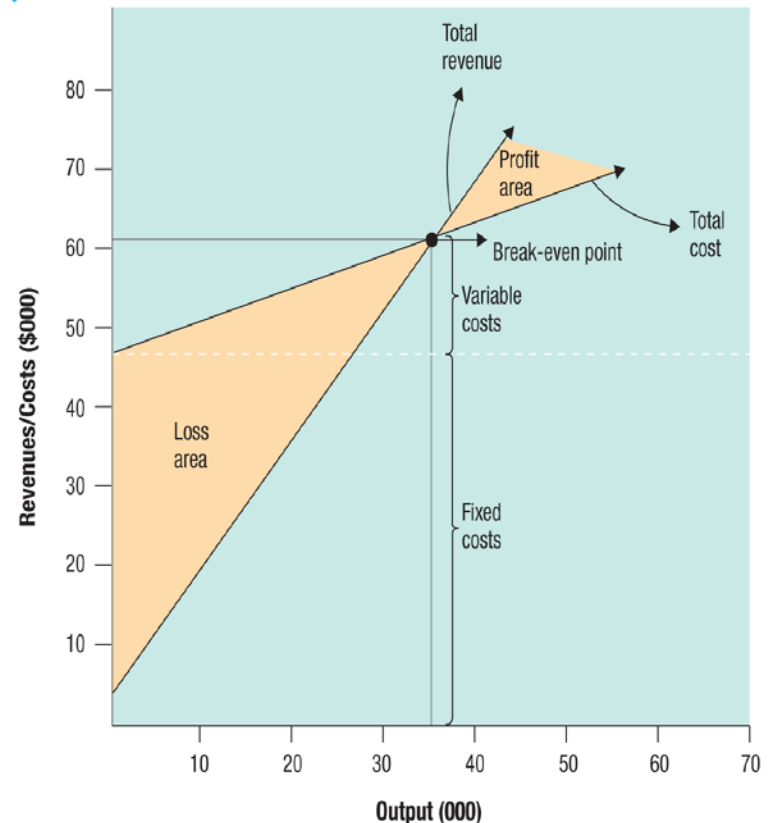
EXHIBIT QM-5 Popular Financial Controls

OBJECTIVE	RATIO	CALCULATION	MEANING
Liquidity test	Current ratio	$\frac{\text{Current assets}}{\text{Current liabilities}}$	Tests the organization's ability to meet short-term obligations
	Acid test	$\frac{\text{Current assets less inventories}}{\text{Current liabilities}}$	Tests liquidity more accurately when inventories turn over slowly or are difficult to sell
Leverage test	Debt to assets	$\frac{\text{Total debt}}{\text{Total assets}}$	The higher the ratio, the more leveraged the organization
	Times interest earned	$\frac{\text{Profits before interest and taxes}}{\text{Total interest charges}}$	Measures how far profits can decline before the organization is unable to meet its interest expenses
Operations test	Inventory turnover	$\frac{\text{Cost of sales}}{\text{Inventory}}$	The higher the ratio, the more efficiently inventory assets are being used
	Total assets turnover	$\frac{\text{Revenues}}{\text{Total assets}}$	The fewer assets used to achieve a given level of sales, the more efficiently management is using the organization's total assets
Profitability	Profit margin on revenues	$\frac{\text{Net profit after taxes}}{\text{Total revenues}}$	Identifies the profits that various products are generating
	Return on investment	$\frac{\text{Net profit after taxes}}{\text{Total assets}}$	Measures the efficiency of assets to generate profits

2.6 Financial Plan

Break-even analysis

EXHIBIT QM-4



2.6 Financial Plan

Cash Flow: The Lifeblood of a Business

cash flow statement - financial report that shows the money coming into and going out of an organization.

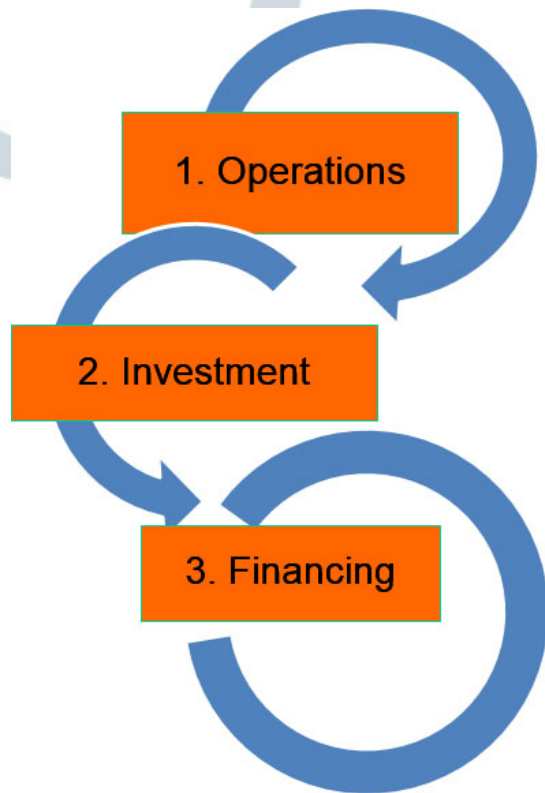
- ❑ For a business using the accrual method (rather than cash method) of accounting, sometimes the income statement shows profitability, but the business has little to no cash.
- ❑ Thus, a company may show a profit and have a negative cash flow. Cash and profit are not the same.
- ❑ Because the cash flow statement records inflows and outflows of money as they occur, it is a critical financial control for a business

2.6 Financial Plan

To avoid getting caught with insufficient cash, follow these rules:

1. Collect cash as soon as possible.
2. Pay your bills by the due date, not earlier.
3. Check your available cash daily.
4. Lease or finance instead of buying equipment where practical.
5. Avoid buying inventory you do not need.
6. Plan ahead for seasonal or contractual needs by seeking financing early.

Inflows and outflows of cash are divided into 3 categories:



Source: Mariotti & Glackin (2016)

2.6 Financial Plan

working capital - the value of current assets minus current liabilities.

- ❑ Working capital tells you how much cash the company would have if it paid all its short-term debt with the cash it had on hand.
- ❑ All other things being equal, a company with positive working capital will always outperform a company with negative working capital.

Working Capital =

Current Assets – Current Liabilities

2.6 Financial Plan

There are two steps to **forecasting cash flow** receipts:

- Step 1.** Project cash receipts from all possible sources. Remember, orders are not cash receipts, because they may not become cash.
- Step 2.** Subtract expenditures that would need to be deducted to meet this level of cash receipts. Cash expenditures are only those expenses and purchases you will actually have to pay during the projected time period.

2.6 Financial Plan

TABLE 8.3 Consolidated Statement of Cash Flows for New Venture Fitness Drinks, Inc.

	December 31, 2014	December 31, 2013
Cash flows from operating activities		
Net income	\$131,000	\$83,000
Additions (sources of cash)		
Depreciation	13,500	5,900
Decreases in accounts receivable	9,300	1,300
Increase in accrued expenses	1,900	3,900
Decrease in inventory	1,200	1,000
Subtractions (uses of cash)		
Decrease in accounts payable	(16,700)	(3,500)
Total adjustments	9,200	8,600
Net cash provided by operating activities	140,200	91,600
Cash flows from investing activities		
Purchase of building and equipment	(250,500)	(112,500)
Net cash flows provided by investing activities	(250,500)	(112,500)
Cash flows from financing activities		
Proceeds from increase in long-term debt	119,500	19,000
Net cash flows provided by financing activities		19,000
Increase in cash	9,200	(1,900)
Cash and cash equivalents at the beginning of each year	54,600	56,500
Cash and cash equivalents at the end of each year	63,800	54,600

Source: Barringer & Ireland (2015)

2.7 Other aspects: legal form, HR

**What is the legal form that better fits my needs?
Think about it in terms of:
Current and future needs**

Issues to consider:

The Cost of Setting Up
and Maintaining the
Legal Form

The Extent to Which
Personal Assets Can Be
Shielded from the
Liabilities of the Business

Tax Considerations

The Number and Types
of Investors Involved

Source: Barringer & Ireland (2015)

Basic legal structures:

1. sole proprietorship
2. partnership
3. corporation

2.7 Other aspects: legal form, HR

Advantages of a Sole Proprietorship

- ❑ Creating one is easy and inexpensive.
- ❑ The owner maintains complete control of the business and retains all of the profits.
- ❑ Business losses can be deducted against the sole proprietor's other sources of income.
- ❑ It is not subject to double taxation (explained later).
- ❑ The business is easy to dissolve.

Disadvantages of a Sole Proprietorship

- ❑ Liability on the owner's part is unlimited.
- ❑ The business relies on the skills and abilities of a single owner to be successful.
- ❑ Of course, the owner can hire employees who have additional skills and abilities.
- ❑ Raising capital can be difficult.
- ❑ The business ends at the owner's death or loss of interest in the business.
- ❑ The liquidity of the owner's investment is low.

2.7 Other aspects: legal form, HR

General Partnership

A form of business organization where two or more people pool their skills, abilities, and resources to run a business. The primary disadvantage is that **all partners are liable for all the partnership's debts and obligations.**

Limited Partnership

- A modified form of general partnership.
- The major difference between the two is that a limited partnership includes two classes of owners: general partners and limited partners.
- The general partners are liable for the debts and obligations of the partnership, but the limited partners are only liable up to the amount of their investment.

2.7 Other aspects: legal form, HR

Corporations

- ❑ Is a separate legal entity that, in the eyes of the law, is separate from its owners.
- ❑ In most cases a corporation shields its owners, who are called shareholders, from personal liability for the debts of the corporation.
- ❑ A corporation is governed by a board of directors, which is elected by the shareholders.
- ❑ A corporation is formed by filing articles of incorporation.
- ❑ A corporation is taxed as a separate legal entity.
- ❑ A disadvantage of a Corporation is that it is subject to double taxation. This means that a corporation is taxed on its net income, and when the same income is distributed to shareholders in the form of dividends, the income is taxed again on the shareholders' personal tax returns.

2.7 Other aspects: legal form, HR

Limited liability company

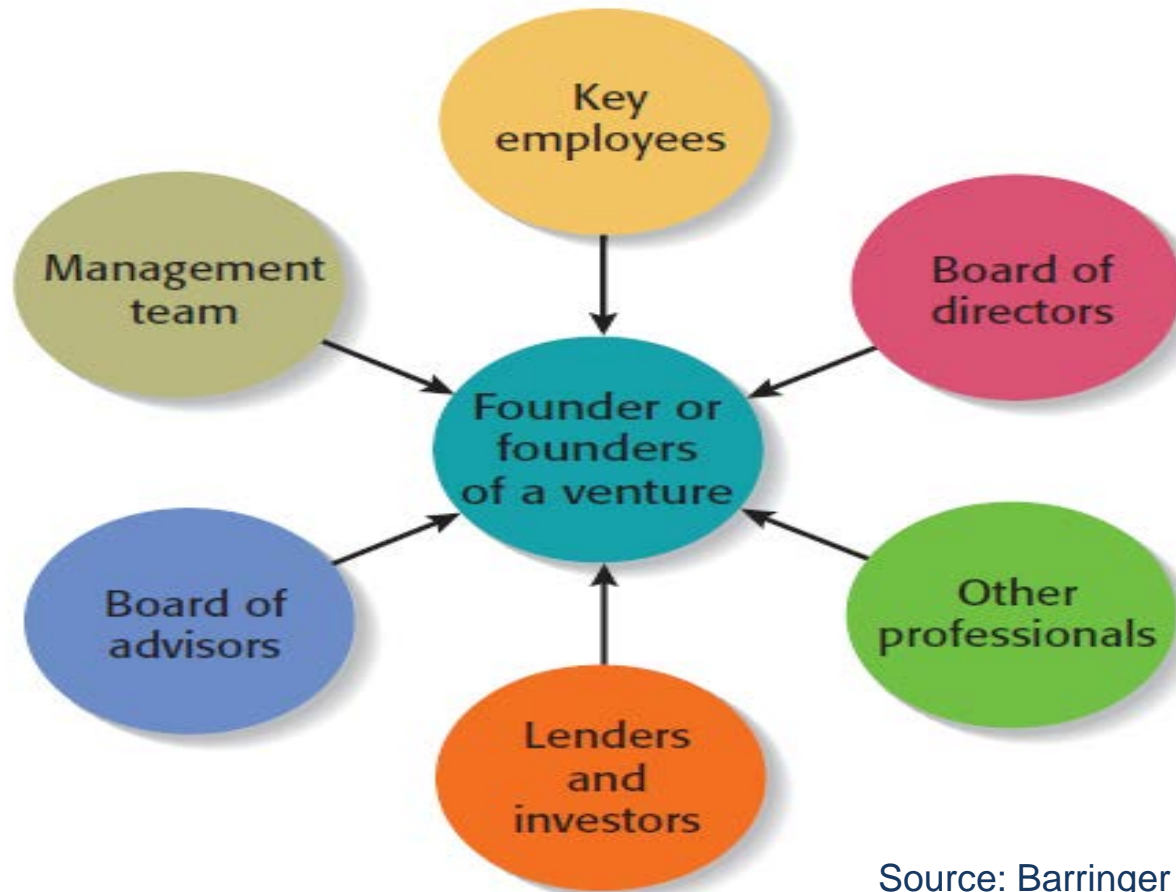
- Is a form of business ownership that is rapidly gaining popularity .
- The limited liability company combines the limited liability advantage of the corporation with the tax advantages of a partnership.

Other legal forms:

- Co-operatives (worldwide)
- Labor managed firms (Spain)
- B Corporations (US)

2.7 Other aspects: legal form, HR

Separate Elements of a New-Venture Team



2.7 Other aspects: legal form, HR

Entrepreneur = Leader. Types of leadership:



Source: Mariotti & Glackin (2016)

2.7 Other aspects: legal form, HR

Steps in the recruiting process:

1.
Defining the job

4.
Assessing
skills

7.
Negotiating
compensation

2.
Posting and
advertising the job

5.
Interviewing
candidates

8.
Hiring

3.
Screening resumes
and/or applications

6.
Checking
references

9.
Orientation

2.7 Other aspects: legal form, HR

Organizational culture

- ❑ A primary role of the founding entrepreneur is to convey the vision for the company and to foster its culture.
- ❑ The **culture** of an organization is the shared beliefs, values, and attitudes—informally referred to as “how things are done around here.”
- ❑ The culture of an entrepreneurial firm can be its competitive advantage.
- ❑ The culture you create for your business should be a strategic translation of your vision and mission into norms, values, and behaviors.

Entrepreneurship and business establishment

Lesson 3: New approaches

Dr. Vanessa Campos-i-Climent

Learning outcomes:

- ❑ Learn the latest approaches to develop a business model for a new venture:
 - Triple layered Canvas model
 - Common Good Matrix (CGM)
 - Lean start-up model
 - Customer development model
 - Stage-Gate model

Table of contents:

- 3.1 Triple layered BM Canvas and CGM**
- 3.2 Lean Start-up Model**
- 3.3 Customer Development Model**
- 3.4 Stage-gate Model**

References:

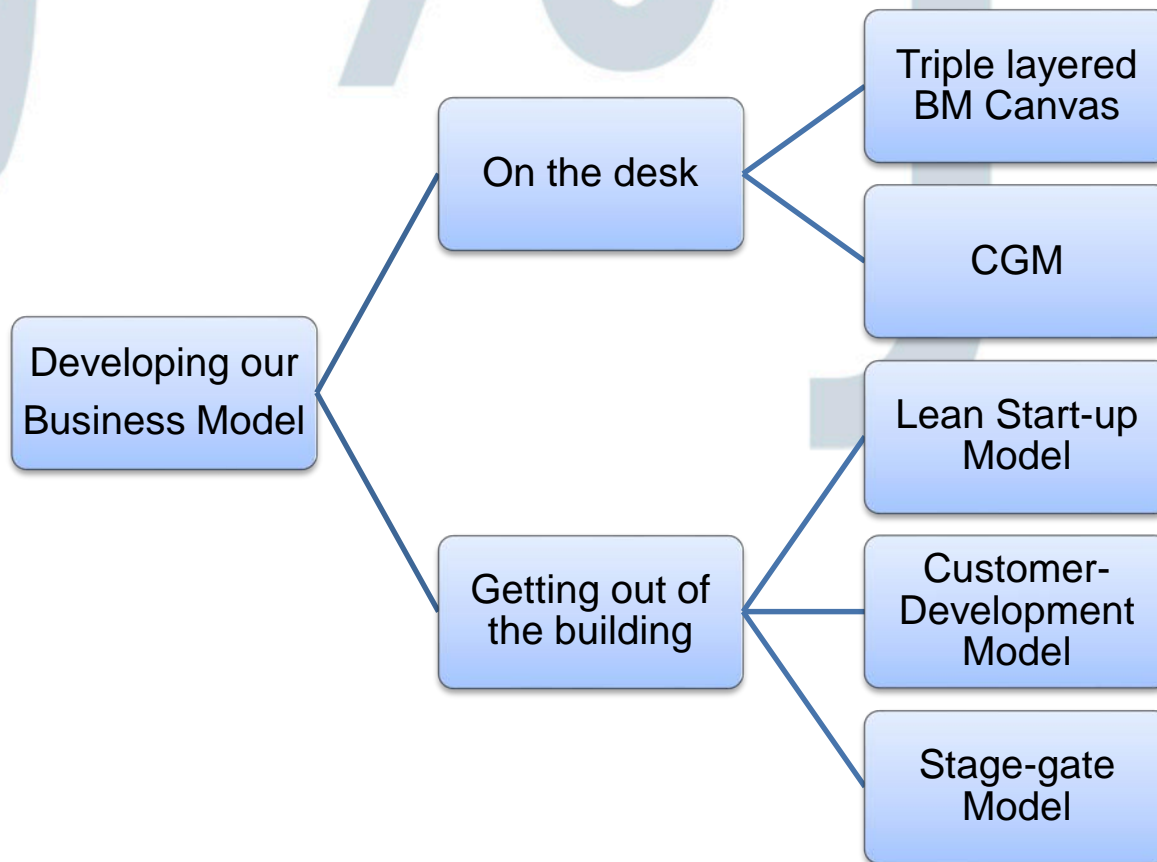
Barringer, B. & Ireland, R. (2015), Entrepreneurship. Successfully launching new ventures, 4th Edition, Pearson, NY.

Mariotti, S & Glackin, C. (2016), Entrepreneurship: starting and operating small businesses, 4th Edition, Pearson, NY.

Ries, E. (2011), The Lean start-up, Crown Publishers

Blank, S. (2013), The four steps to the Epiphany, 2nd Edition

Overview



3.1 Triple layered Canvas Model and CG Matrix

- ❑ **Traditional canvas business model** - a company's plan to generate revenue and make a profit from operations.
- ❑ The **canvas** includes nine core building blocks that are intended to supply answers to critical questions.
- ❑ These building blocks are meant to be implemented in the company.










The Business Model Canvas

Designed for:

Designed by:

On:

Institution:

<p>Key Partners </p> <p>Who are our Key Partners? Who are our key suppliers? Which Key Resources are we acquiring from partners? Which Key Activities do partners perform?</p> <p><small>Key Partnerships</small> 1. Co-opetition 2. Joint ventures 3. Strategic alliances 4. Licensing 5. Franchising 6. Reseller/distributor 7. Supplier 8. Complementary products</p>	<p>Key Activities </p> <p>What Key Activities do our Value Propositions require? Our Sub-Process Channels? Customer Relationships? Revenue streams?</p> <p><small>Key Activities</small> 1. Production 2. Distribution 3. Logistics 4. Procurement 5. Platform 6. Infrastructure 7. Support 8. Quality control 9. Research and development 10. Human resources</p>	<p>Value Propositions </p> <p>What value do we deliver to the customer? Which are our customer problems are we helping to solve? What bundles of products and services are we offering to each Customer Segment? Which customer needs are we satisfying?</p> <p><small>Value Propositions</small> 1. Performance 2. Reliability 3. Customization 4. Price 5. Design 6. Brand 7. Location 8. Convenience 9. Speed 10. Flexibility 11. Risk reduction</p>	<p>Customer Relationships </p> <p>What type of relationship does each of our Customer Segments expect us to establish and maintain with them? Which ones have we established? How are they integrated with the rest of our business model? How costly are they?</p> <p><small>Customer Relationships</small> 1. Personal 2. Self-Service 3. Automated 4. Co-creation 5. Community 6. Concierge 7. Dedicated Personal Assistant 8. Self-Service 9. Peer-to-Peer 10. Virtual Assistant</p>	<p>Customer Segments </p> <p>To whom are we creating value? Who are our most important customers?</p> <p><small>Customer Segments</small> 1. Mass 2. Niche 3. Segments 4. Markets 5. Demographics 6. Psychographics 7. Geographic</p>
<p>Key Resources </p> <p>What Key Resources do our Value Propositions require? Our Sub-Process Channels? Customer Relationships? Revenue Streams?</p> <p><small>Key Resources</small> 1. Physical 2. Intellectual 3. Financial 4. Human 5. Channels 6. Infrastructure 7. Support 8. Quality control 9. Research and development 10. Human resources</p>			<p>Channels </p> <p>Through which Channels do our Customer Segments want to be reached? How are we reaching them now? How are our Channels integrated? Which ones work best? Which ones are most cost-efficient? How are we integrating them with customer relations?</p> <p><small>Channels</small> 1. Direct 2. Indirect 3. Retail 4. Wholesale 5. Franchise 6. Distributor 7. Reseller 8. Agent 9. Broker 10. Affiliate 11. Partner 12. Supplier 13. Complementary products</p>	
<p>Cost Structure </p> <p>What are the most important costs inherent in our business model? Which Key Resources are most expensive? Which Key Activities are most expensive?</p> <p><small>Cost Structure</small> 1. Fixed 2. Variable 3. Semi-variable 4. Variable 5. Fixed 6. Semi-variable 7. Variable 8. Fixed 9. Semi-variable 10. Variable 11. Fixed 12. Semi-variable 13. Variable 14. Fixed 15. Semi-variable 16. Variable 17. Fixed 18. Semi-variable 19. Variable 20. Fixed</p>	<p>Revenue Streams </p> <p>For what value are our customers really willing to pay? For what do they currently pay? How are they currently paying? How would they prefer to pay? How much does each Revenue Stream contribute to overall revenues?</p> <p><small>Revenue Streams</small> 1. Transactional 2. Recurring 3. Usage-based 4. Subscription 5. Advertising 6. Commission 7. Royalty 8. License 9. Franchise 10. Reseller 11. Affiliate 12. Partner 13. Supplier 14. Complementary products</p>			

3.1 Triple layered Canvas Model and CG Matrix

1. **Customer Segments (CS): the consumers for whom the company creates value**
 - a. Mass market—large, broadly similar group of customers
 - b. Niche market—narrow, specialized, specific
 - c. Segmented market—groups with slightly different needs and problems
 - d. Diversified markets—segments that aren't related and have very different needs
 - e. Multi-sided markets—generally are composed of supplier and customer segments that are all served

3.1 Triple layered Canvas Model and CG Matrix

2. Value Proposition (VP): the reason customers select the products/ services

- a. Newness
- b. Performance
- c. "Getting the job done"
- d. Design
- e. Brand/status
- f. Price
- g. Cost reduction
- h. Risk reduction
- i. Accessibility
- j. Convenience/usability

3.1 Triple layered Canvas Model and CG Matrix

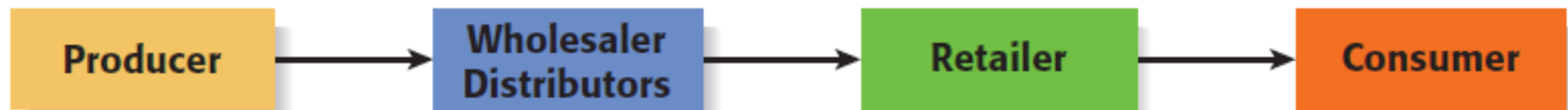
3. Channels (CN): how the company reaches and communicates with customer segments

- a. Own channels versus partners
- b. Direct (sales force, Web sales, own stores) versus indirect (partner stores, wholesalers)

Selling Direct



Selling Through Intermediaries



3.1 Triple layered Canvas Model and CG Matrix

4. Customer

Relationships (CR):
types established
through consumer
segments reached

- a. Personal assistance
- b. Dedicated personal assistance
- c. Self-service
- d. Automated services
- e. User communities
- f. Co-creation

5. Revenue Streams (R\$): how funds are generated

- a. Asset sales
- b. Usage fee
- c. Subscription fees
- d. Lending/renting/leasing
- e. Licensing
- f. Brokerage fees
- g. Advertising fees

3.1 Triple layered Canvas Model and CG Matrix

6. Key Resources (KR): that which is critical to making the model function

- a. Physical
- b. Financial
- c. Intellectual
- d. Human

7. Key Activities (KA): critical actions for success

- a. Production
- b. Problem solving
- c. Platform/network

3.1 Triple layered Canvas Model and CG Matrix

8. Key Partnerships (KP): the particular suppliers and partners needed in the network

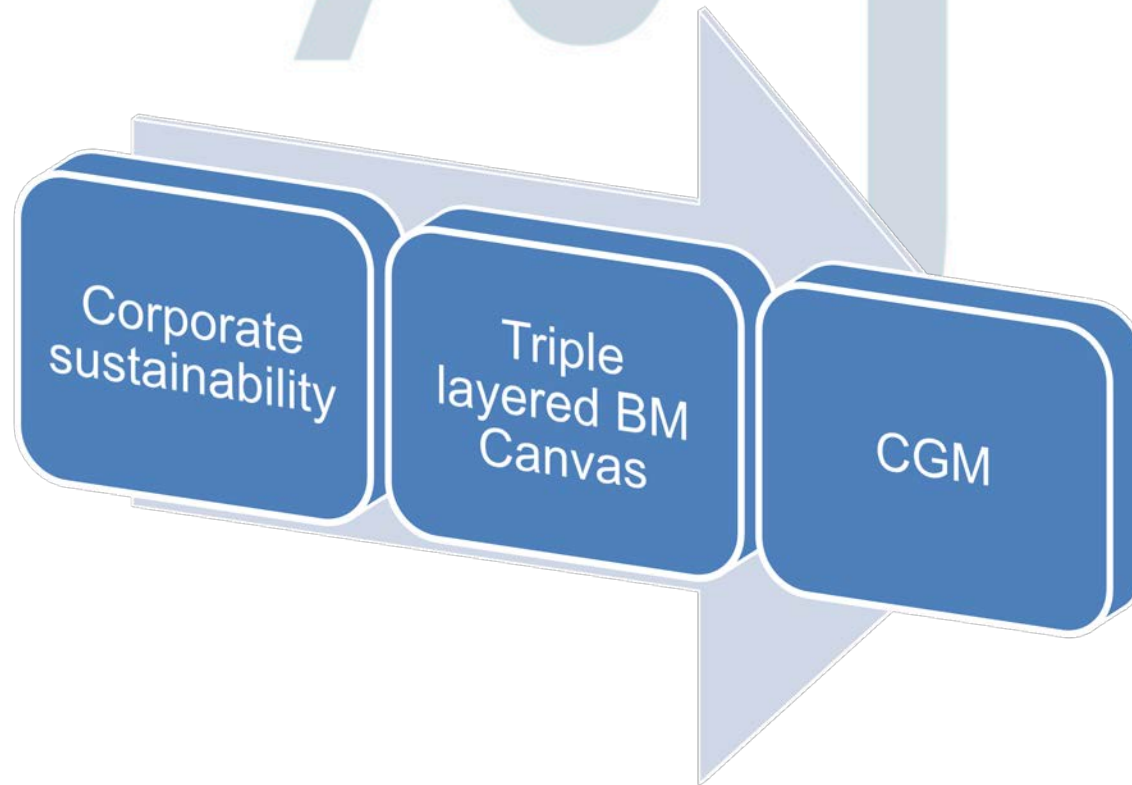
- a. Strategic alliances between non-competitors
- b. Cooperation (strategic alliances between competitors)
- c. Joint ventures
- d. Buyer–supplier relationships

9. Cost Structure (C\$): all costs of operations

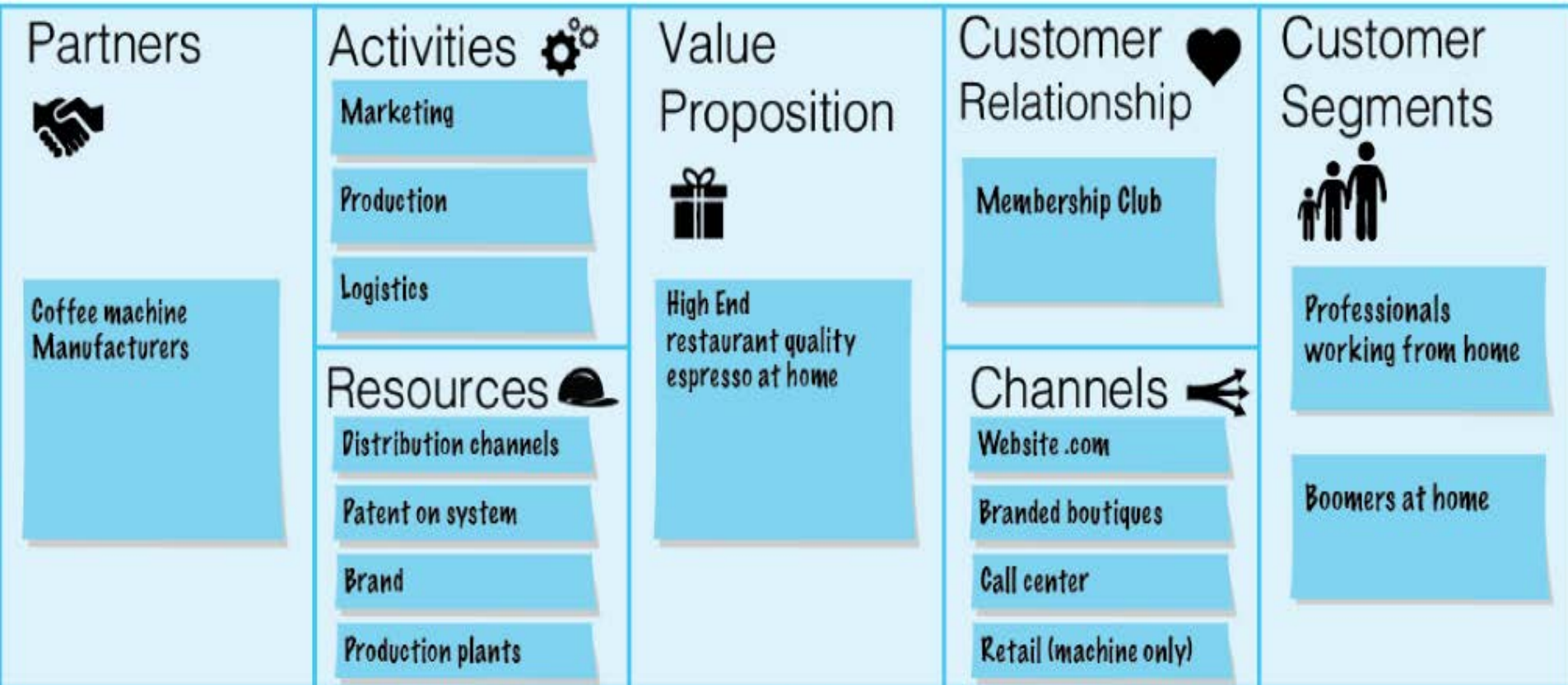
Fixed

Variable

3.1 Triple layered Canvas Model and CG Matrix

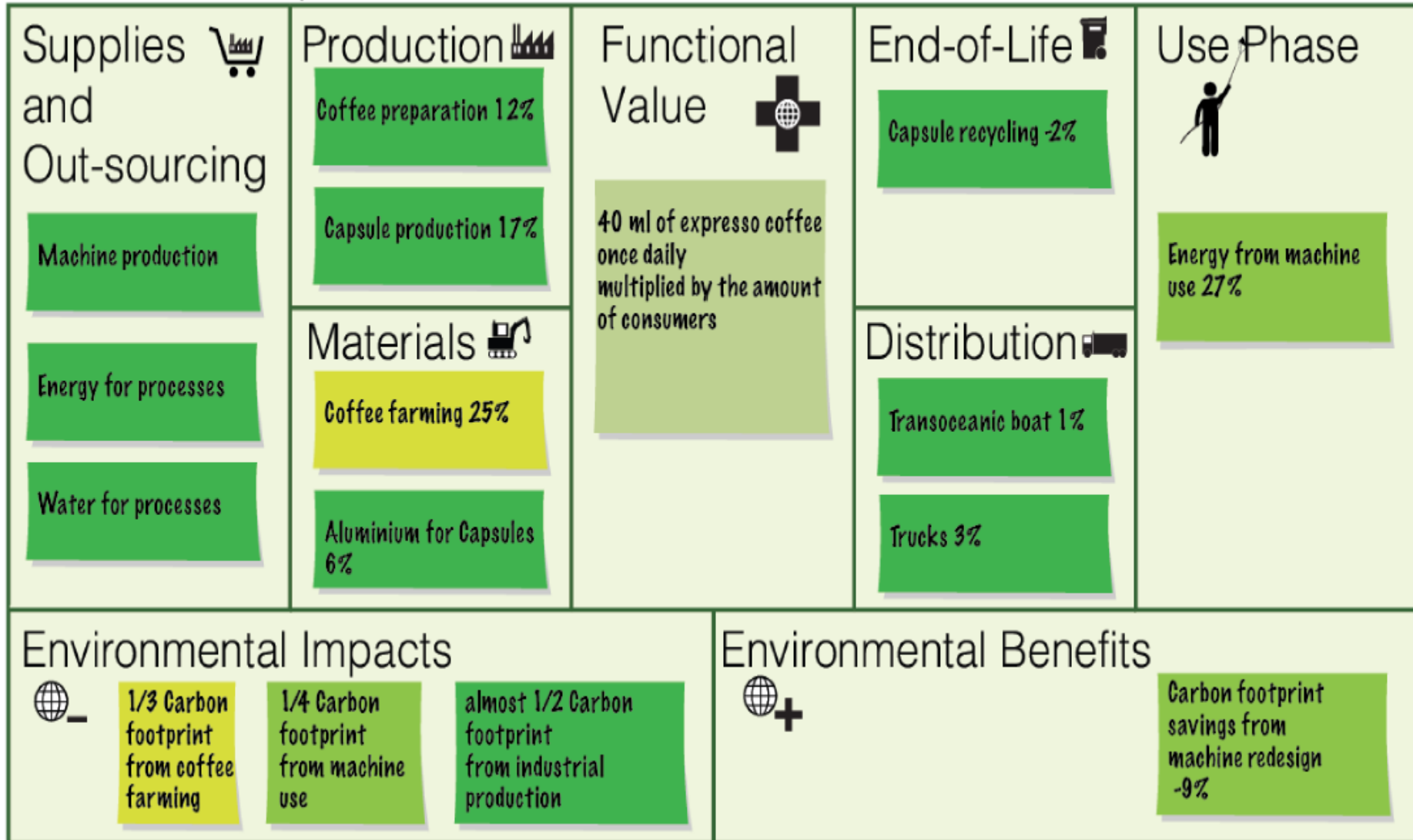


Nespresso's Business Model Canvas, 1st layer



Nespresso's Business Model Canvas, 2nd layer

Environmental Life Cycle Business model Canvas



Nespresso's Business Model Canvas, 3rd layer

Social stakeholder Buiness model Canvas

Local Communities



62 000 farmers (84% of production) participates in the AAA Sustainable farming program developed in partnership with the Rainforest Alliance

Governance



Autonomous business unit

Multinational public company

Employees



Employee wellness program

Health and safety measures

Social Value



Offering the world leading nutrition, health and wellness through food and beverages

Improving the quality of life of the supply chain stakeholders in developing countries

Societal Culture



culture of individuality with single servings

culture of responsibility through programs

Scale of Outreach



60 countries across the world with over 320 storefronts

Education and micro-credit services for supply chain

End-User



Caffeine boost

Warmth

Taste

Social Impacts



Potential Caffeine dependancy

Little nutritional value

Social Benefits



Personal and professional growth for supply chain

Transparency from reporting

3.1 Triple layered Canvas Model and CG Matrix

CG Matrix

VALUE	HUMAN DIGNITY	SOLIDARITY AND SOCIAL JUSTICE	ENVIRONMENTAL SUSTAINABILITY	TRANSPARENCY AND CO-DETERMINATION
STAKEHOLDER				
A: SUPPLIERS	A1 Human dignity in the supply chain	A2 Solidarity and social justice the supply chain	A3 Environmental sustainability the supply chain	A4 Transparency and participation in the supply chain
B: OWNERS, EQUITY- AND FINANCIAL SERVICE PROVIDERS	B1 Ethical position in relation to financial resources	B2 Social position in relation to financial resources	B3 Use of funds in relation to the environment	B4 Ownership and co-determination
C: EMPLOYEES	C1 Human dignity in the workplace and working environment	C2 Self-determined working arrangements	C3 Environmentally friendly behaviour of staff	C4 Co-decision making and transparency within the organisation
D: CUSTOMERS AND BUSINESS PARTNERS	D1 Ethical customer relations	D2 Cooperation and solidarity with business partners	D3 Impact on the environment of the use and disposal of products and services	D4 Customer participation and product transparency
E: SOCIAL ENVIRONMENT	E1 Purpose of products and services and their effects on society	E2 Contribution to the community	E3 Reduction of environmental impact	E4 Social co-determination and transparency

3.2 Lean Start-up Model

Principles

Entrepreneurs
are everywhere

Entrepreneurship
is management

Validated
learning

Innovation
accounting

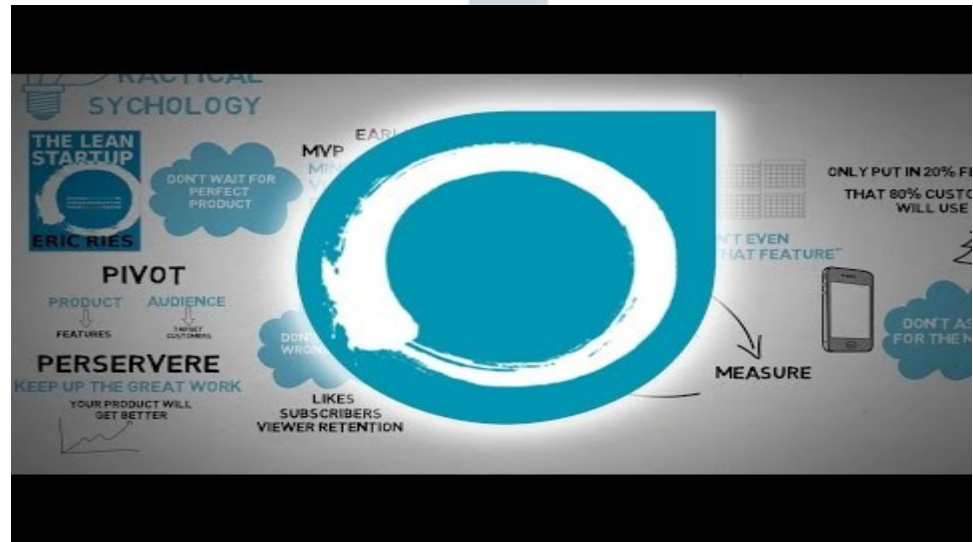
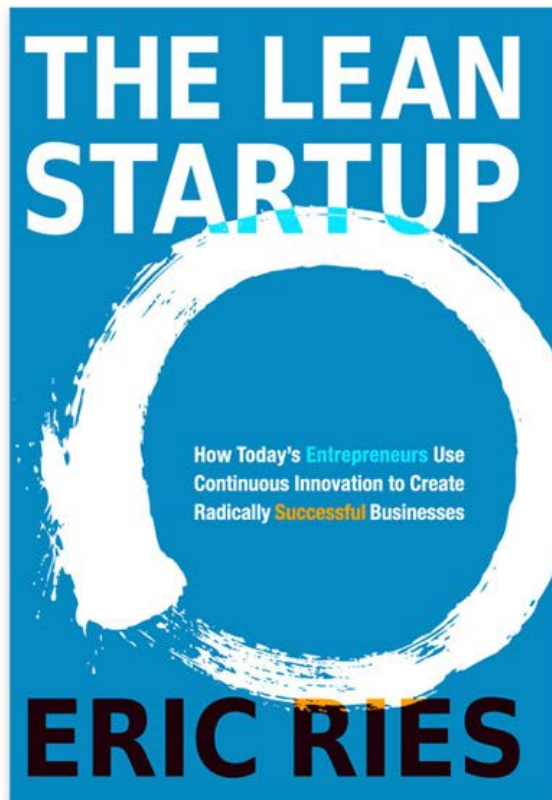
Build
Measure
Learn

3.2 Lean Start-up Model

The Lean Startup BY ERIC RIES




3.2 Lean Start-up Model



<https://www.youtube.com/watch?v=9bPgNEDdX3E>

3.2 Lean Start-up Model



lean**startup**machine

Validation Board

Project Name:

Team Leader Name:

Track Pivots	Start	1st Pivot	2nd Pivot	3rd Pivot	4th Pivot
Customer Hypothesis	Tip: For two-sided markets, always validate the riskier side first				
Problem Hypothesis		Remember: Limit one sticky-note per box Write in ALL CAPS Do not write more than 5 words on any sticky-note			
Solution Hypothesis	Tip: Do NOT define a solution until you've validated the problem				

Design Experiment

Tip: Clear all post-its from this area after each experiment is completed

Core Assumptions

Any assumption that, if invalidated, will break the business

Riskiest Assumption

Which Core Assumption has the highest level of uncertainty?

Method

What is the lowest cost way to test the Riskiest Assumption?


Choose: Exploration, Pitch, or Conierge

Minimum Success Criterion

What is the weakest outcome we will accept as validation?

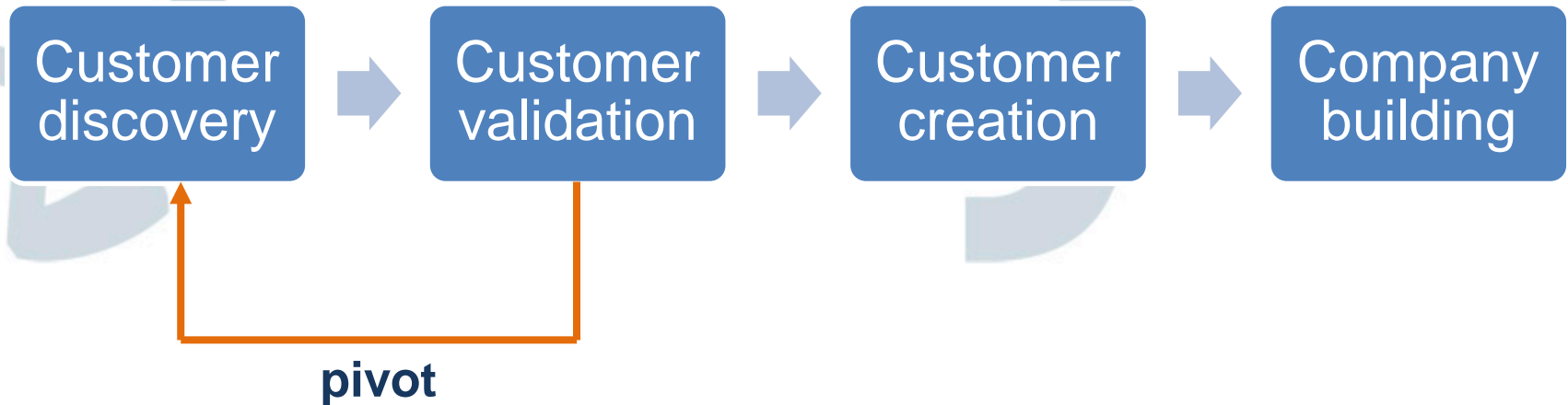
Results

GET OUT OF THE BLDG



Invalidated		Validated	
If invalidated, pivot at least one Core Hypothesis		If validated, brainstorm and test the next Riskiest Assumption	
1	2	1	2
Only put the Riskiest Assumption from an experiment in these boxes		Record date & learnings separately	
3	4	3	4
5	6	5	6

3.3 Customer Development Model



3.3 Customer Development Model

Steve Blank

<https://www.youtube.com/watch?v=peX6wNbZrgQ>

<https://www.youtube.com/watch?v=xr2zFXbISRM>

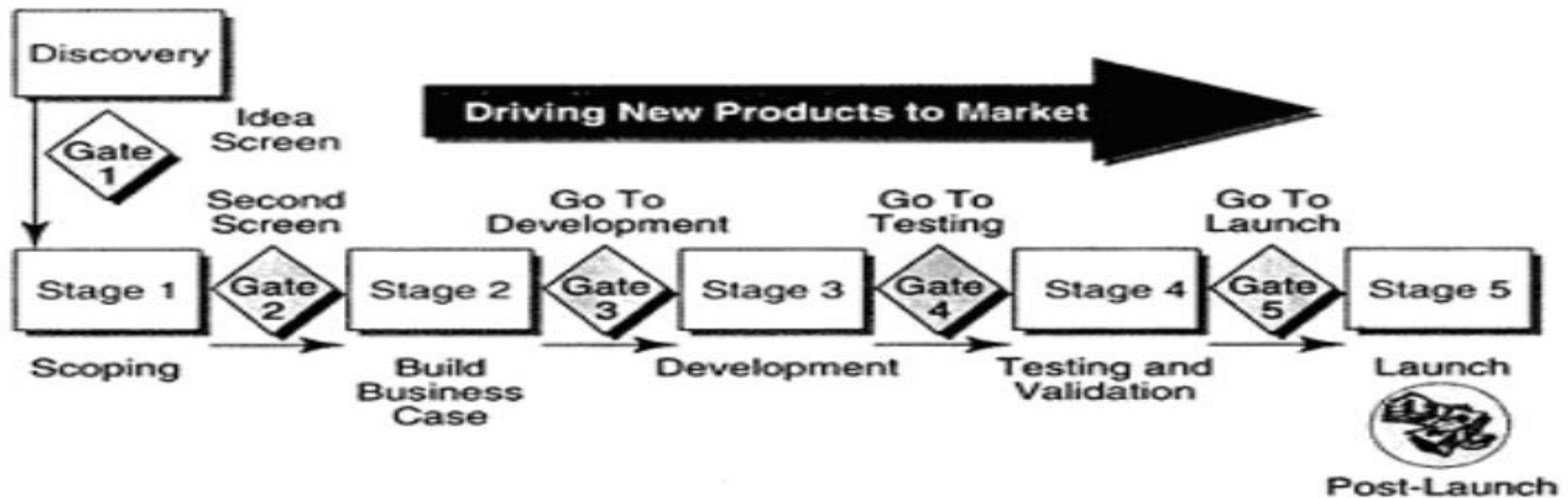
<https://www.youtube.com/watch?v=zjvEanpktEo>



3.4 Stage-gate Model

https://www.youtube.com/watch?v=JF9Zj_2HneY

Stage – Gate™ model by R. Cooper



How can we generate a sustainable BM combining some of these tools?

CGM

- List stakeholders
- Define the type of value to be delivered
- Value proposition

Lean Start-up

- Test your assumptions
- Scale your BM

Triple Layered BM Canvas

- Define your sustainable BM
- After having tested your assumptions

Entrepreneurship and business establishment

Lesson 4: Funding new ventures

Dr. Vanessa Campos-i-Climent

Learning outcomes:

- Be able to determine and quantify the real funding requirements of a new venture
- Learn the main features of traditional funding tools
- Know the newly founding tools
- Know Ethical and Social funding tools

Table of contents:

- 4.1 Traditional funding tools**
- 4.2 Funding tools in times of crisis**
- 4.3 Venture capital and Business angels**
- 4.4 Ethical and Social Funding tools**

References:

Barringer, B. & Ireland, R. (2015), Entrepreneurship. Successfully launching new ventures, 5th Edition, Pearson, NY. Ch. 10

Mariotti, S & Glackin, C. (2016), Entrepreneurship: starting and operating small businesses, 4th Edition, Pearson, NY, Ch. 10

Previous considerations

- What's the first think that we have to take into account when searching funding?
- Relationship between investment and funding
- Is time period relevant?
- How much funds do I need?
- What about risk?

Previous considerations

Cash Flow Challenges

Inventory must be purchased, employees must be trained and paid, and advertising must be paid for before cash is generated from sales.

Capital Investments

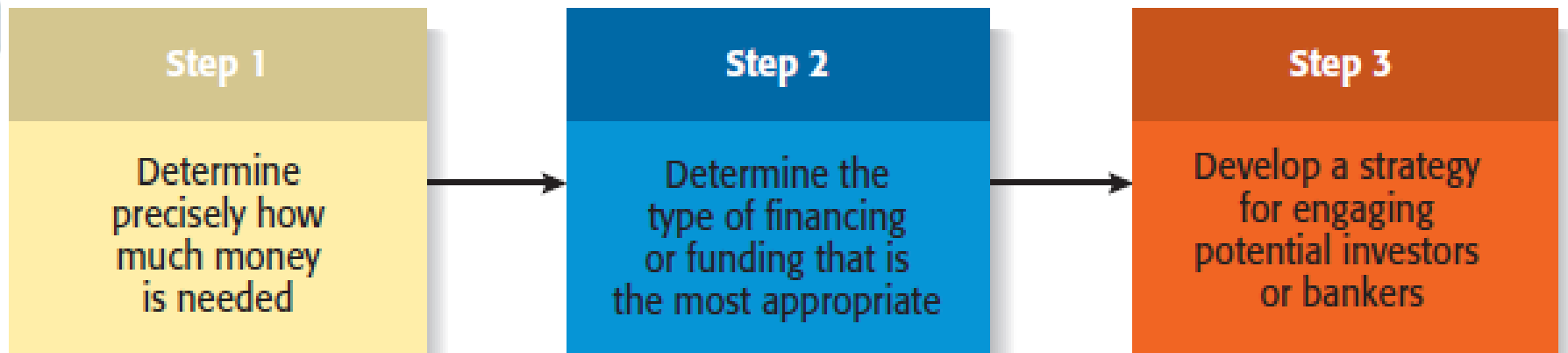
The cost of buying real estate, building facilities, and purchasing equipment typically exceeds a firm's ability to provide funds for these needs on its own.

Lengthy Product Development Cycles

Some products are under development for years before they generate earnings. The up-front costs often exceed a firm's ability to fund these activities on its own.

4.1 Traditional funding tools

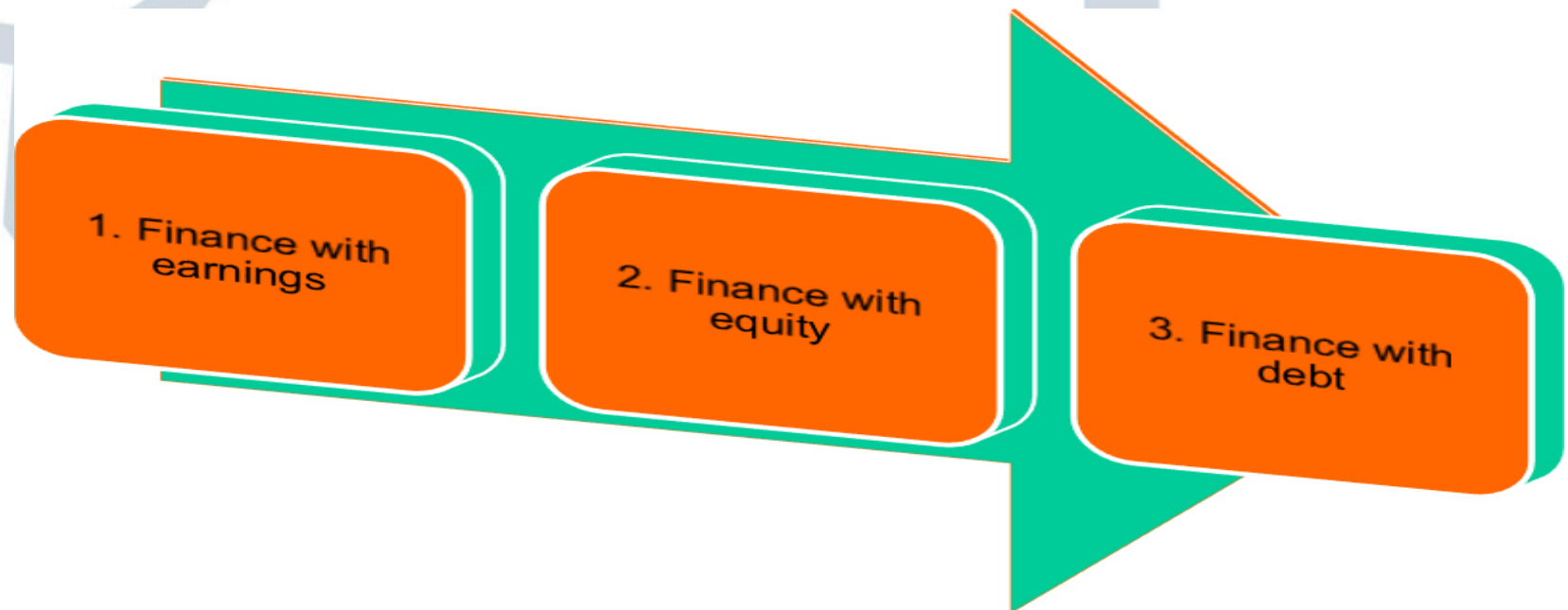
Preparing to Raise Debt or Equity Financing



Barringer, B. & Ireland, R. (2015)

4.1 Traditional funding tools

There are three ways for a business to raise the capital it needs



4.1 Traditional funding tools

Sources of Personal Financing

□ Personal Funds

- The vast majority of founders contribute personal funds, along with sweat equity, to their ventures.
 - Sweat equity represents the value of the time and effort that a founder puts into a new venture.

□ Friends and Family

- Friends and family are the second source of funds for many new ventures.

4.1 Traditional funding tools

Characteristics of the Venture

Appropriate Source of Financing or Funding

The business has high risk with an uncertain return:

Personal funds, friends, family, and other forms of bootstrapping

Weak cash flow

High leverage

Low-to-moderate growth

Unproven management

The business has low risk with a more predictable return:

Debt financing

Strong cash flow

Low leverage

Audited financials

Good management

Healthy balance sheet

The business offers a high return:

Equity

Unique business idea

High growth

Niche market

Proven management

4.1 Traditional funding tools

Banks

- banks have not been viewed as a practical source of financing for start-up firms.
- it is just that banks are risk averse, and financing start-ups is a risky business.
 - Banks are interested in firms that have a strong cash flow, low leverage, audited financials, good management, and a healthy balance sheet.

Community Development Financial Institutions (CDFIs)

- A number of alternate lending institutions can serve a broad range of needs in emerging domestic markets.
- They share the common vision of expanding economic opportunity and improving the quality of life for low-income people and communities.
- The four CDFI sectors: saving banks, credit unions, loan funds, and venture capital
- Guaranteed loan programs

4.1 Traditional funding tools

❑ Vendor Credit /trade credit

- when a vendor extends credit to a business in order to allow the business to buy its products and/or services up front but defer payment until later.

❑ Factoring

- Is a financial transaction whereby a business sells its accounts receivable to a third party, called a factor, at a discount in exchange for cash.

❑ Merchant Cash Advance

- Type of loan in which the lender provides a business a lump sum of money in exchange for a share of future sales that covers the payment plus fees.
- These types of loan are arranged by online firms at an escalated interest rate.

❑ Peer-to-Peer Lending

- Is a financial transaction that occurs directly between individuals or peers.
- loans are facilitated by online firms

4.1 Traditional funding tools

Leasing

- A lease is a written agreement in which the owner of a piece of property allows an individual or business to use the property for a specified period of time in exchange for payments.
- The major advantage of leasing is that it enables a company to acquire the use of assets with very little or no down payment.

Renting

- Same advantages as leasing
- At the end of the agreement the business that uses the property doesn't has the right to acquire it

4.2 Funding tools in times of crisis

Bootstrapping

- Bootstrapping is finding ways to avoid the need for external financing or funding through creativity, ingenuity, thriftiness, cost cutting, or any means necessary.
- Many entrepreneurs bootstrap out of necessity.

4.2 Funding tools in times of crisis

Examples of Bootstrapping

Buy used instead of new equipment.

Coordinate purchases with other businesses.

Lease equipment instead of buying.

Obtain payments in advance from customers.

Minimize personal expenses.

Avoid unnecessary expenses.

Buy items on-line cheaply but prudently

Share office space or employees with other businesses.

Hire interns.

4.2 Funding tools in times of crisis

□ Strategic Partnerships

- they are another source of capital for new ventures.
- many partnerships are formed to share the costs of product or service development, to gain access to particular resources, or to facilitate speed to market.
- Older established firms benefit by partnering with young entrepreneurial firms by gaining access to their creative ideas and entrepreneurial spirit.

□ Common strategic partnership:

- Biotech firms often partner with large drug companies to conduct clinical trials and bring new products to market.
- The biotech firms benefit by obtaining funding from their partners, and the partners benefit by having additional products to sell.

4.2 Funding tools in times of crisis

Crowd-funding

it is the practice of funding a project or new venture by raising monetary contributions from a large number of people (the "crowd") typically via the Internet.



**Rewards-
based crowd-
funding**

**Equity-based
crowd-funding**

4.3 Venture capital and Business Angels

- ❑ **Venture capital** -> investment company whose specialty is financing new, high-potential entrepreneurial companies and second-stage companies.
- ❑ typically reap the return on their equity investments in one of two ways:
 - 1) by selling their percentage share of the business to another investor through a private transaction; or
 - 2) by waiting until the company goes public (starts selling stock on the open market) and trading their ownership shares for cash by selling them.

4.3 Venture capital and Business Angels

- ❑ An important part of obtaining **venture capital funding** is going through the due diligence process.
- ❑ Venture capitalists invest money in start-ups in “stages,” meaning that not all the money that is invested is disbursed at the same time.
- ❑ Some venture capitalists also specialize in certain “stages” of funding.

4.3 Venture capital and Business Angels

TABLE 10.4 STAGES (OR ROUNDS) OF VENTURE CAPITAL FUNDING

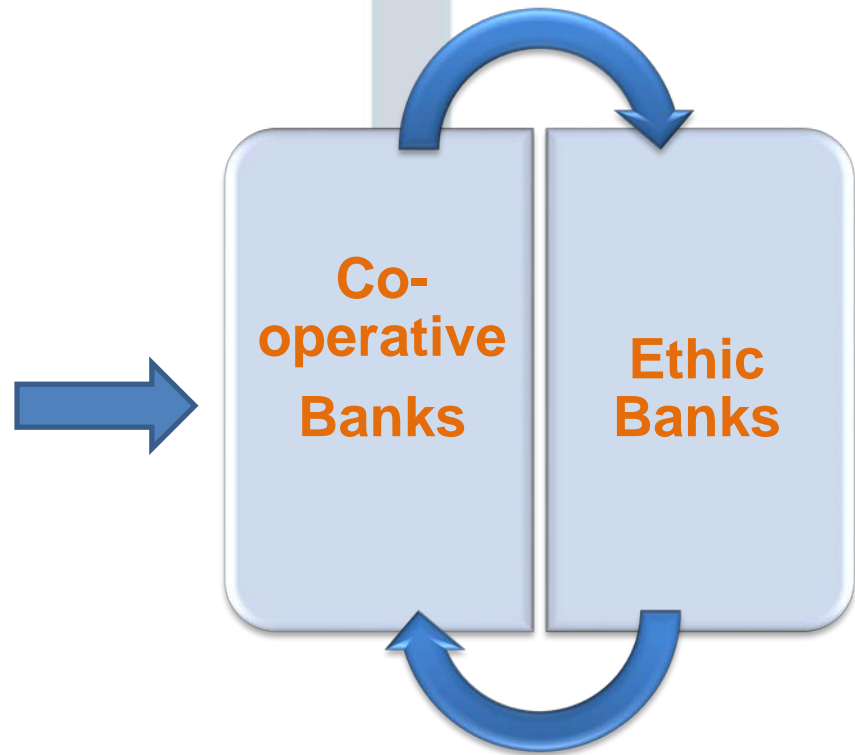
Stage or Round	Purpose of the Funding
Seed funding	Investment made very early in a venture's life to fund the development of a prototype and feasibility analysis.
Start-up funding	Investment made to firms exhibiting few if any commercial sales but in which product development and market research are reasonably complete. Management is in place, and the firm has its business model. Funding is needed to start production.
First-stage funding	Funding that occurs when the firm has started commercial production and sales but requires financing to ramp up its production capacity.
Second-stage funding	Funding that occurs when a firm is successfully selling a product but needs to expand both its capacity and its markets.
Mezzanine financing	Investment made in a firm to provide for further expansion or to bridge its financing needs before launching an IPO or before a buyout.
Buyout funding	Funding provided to help one company acquire another.

4.3 Venture capital and Business Angels

- ❑ **angel investor** - a wealthy individual who invests in businesses.
- ❑ There are also investors and investment companies whose specialty is financing new, high-potential entrepreneurial companies and second-stage companies.
- ❑ They typically expect to earn 6 to 10 times their money back over a five-year period, or a 45 percent return on investment.
- ❑ If your business does not meet the high-flying profit picture that would attract venture capitalists, or does not require so much financing, it might still be of interest to **angel investors**.
- ❑ If your business has good management in place and a solid business plan, you might be able to raise angel financing.
 - Elevator pitch

4.4 Ethical and Social Funding tools

Financial exclusion -> refers to a process whereby people encounter difficulties accessing and/or using financial services and products in the mainstream market that are appropriate to their needs and enable them to lead a normal social life in the society in which they belong



4.4 Ethical and Social Funding tools

Co-operative
Banks

Caixa
Popular

Crédite
Agricole



Ethic Banks

Triodos

Banca
Popolare
Etica



Triodos Bank



Always remember:

“Nothing ventured, nothing gained”

Lesson 5: Innovation

Company Establishment and Entrepreneurship

Vanessa Campos, Ph.D.

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5.1 Innovation management: Smart firms and Start-ups

5.2 The Innovation-Ambition matrix

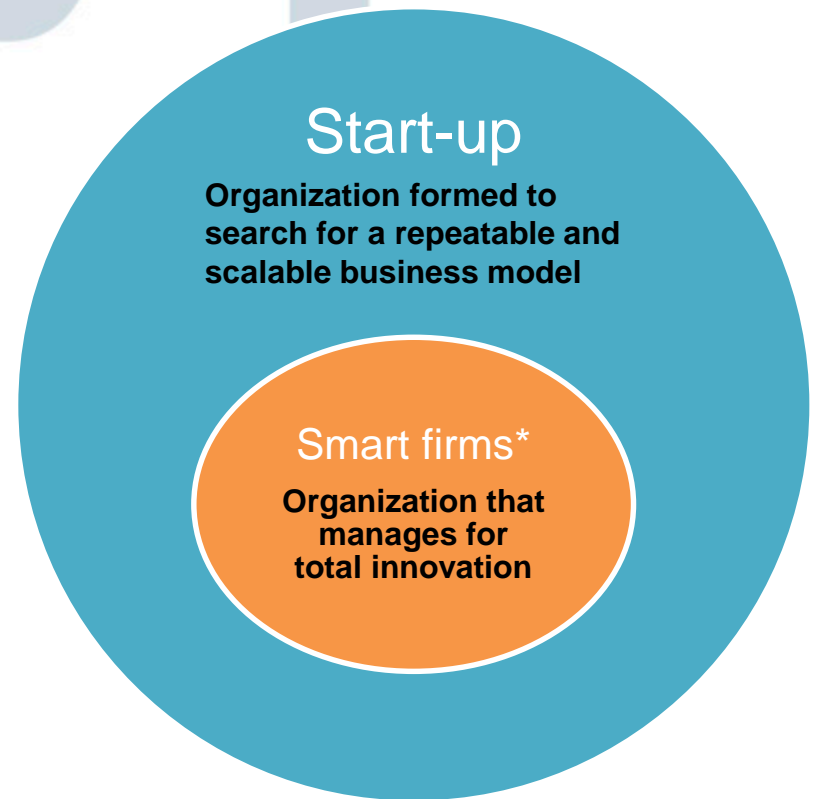
5.3 Social Innovation

References:

- ❑ Tuff, G., & Nagji, G. (2012). Managing your innovation portfolio. *Harvard Business Review*. (Reading Lesson 5, available on Virtual classroom -> sections 5.1 and 5.2)
- ❑ http://ec.europa.eu/growth/industry/innovation/policy/social_en (section 5.3)

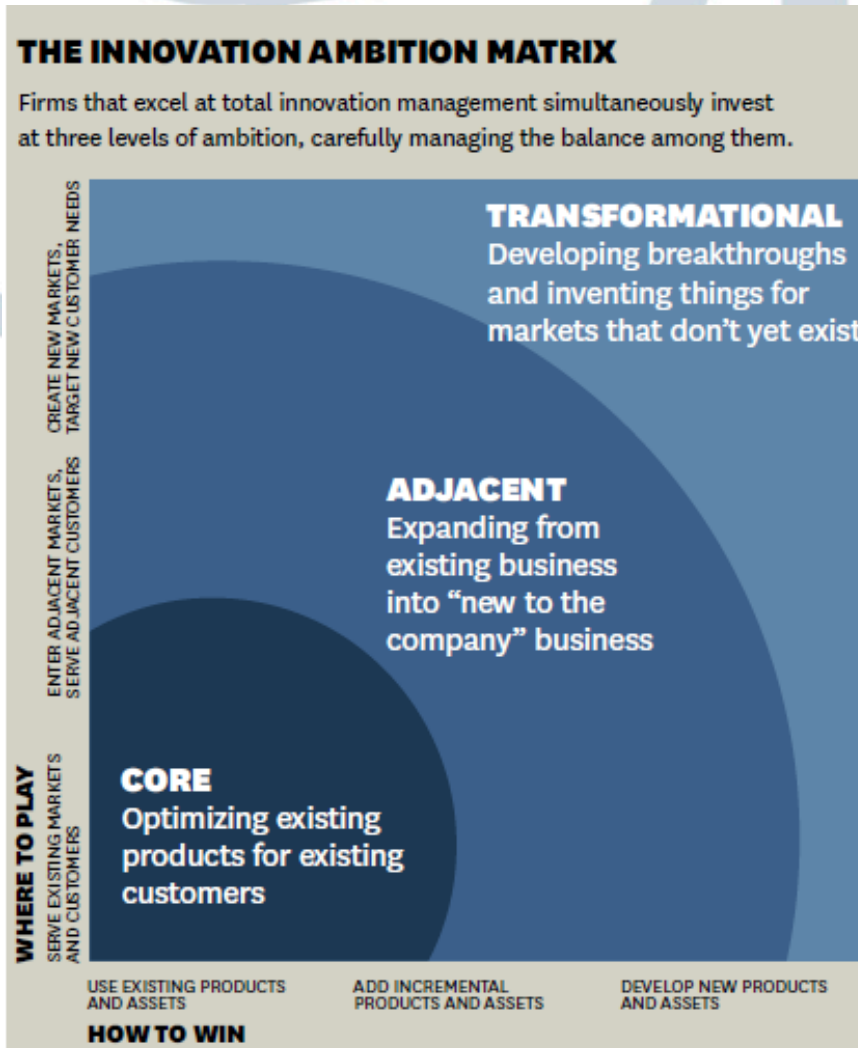
5.1 Innovation management: Smart firms and Start-ups

- ❑ Business Competitiveness = f (ability to innovate,...)
- ❑ Most of businesses in operation show many **dispersed** innovation efforts
- ❑ Lack of management for **"total innovation"** -> look for a **balance**
- ❑ Businesses in operation -> Structure and processes in force are a constrain
- ❑ **Start-ups** are not subjected to that constrain -> **Opportunity**
- ❑ Part of start-ups can become smart firms



* Not all the smart firms are start-ups, some businesses in operation can behave as smart firms and, only those start-ups managing for total innovation are smart firms

5.2 The Innovation-Ambition matrix



- ❑ Tool developed by Tuff and Nagji in 2012 to manage for total innovation
- ❑ Evolution from Ansoff's matrix
- ❑ Firms can pursue innovation at 3 levels of ambition -> look for your balance
- ❑ There is not a golden ratio
- ❑ Organize and manage the total innovation system:

1. **Talent** (skills and competencies -> intangible assets)
2. **Integration** (flexible processes, be agile)
3. **Funding**
4. **Pipeline management**
5. **Metrics**

LEAN START-UP

5.3 Social Innovation

- ❑ **Social innovations** are new ideas (products, services or models) that meet social needs, create social relationships and form new collaborations. (Focus is made on social outcomes)

http://ec.europa.eu/growth/industry/innovation/policy/social_en
(definition and main features EU)

https://www.youtube.com/watch?v=u4Yrkp5_ov0

<https://www.youtube.com/watch?v=IGw63QPZhT0> (EU competition)

www.youtube.com/watch?v=ed0E48boEO4 (Definition and main features USA)

<http://www.euronews.com/2015/01/23/what-is-social-innovation-and-why-is-it-good-for-business>
(Italian Example)

<https://vimeo.com/120460989> (Barcelona Example)

Lesson 6. New ventures' performance

Company Establishment and Entrepreneurship

Vanessa Campos, Ph.D.

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6.1 Entrepreneurial success factors

6.2 Main reasons for failure

6.3 Social and hybrid enterprises: Shared value creation

References:

Porter, M. E., & Kramer, M. R. (2011). : Creating Shared Value. Harvard Business Review, January - February. *(Reading Lesson 6)*

6.1 Entrepreneurial success factors

Good knowledge of the business

Management

Attitude

Adequate funding

Cash flow management

Time management

People management

Know your customers

Know competitors

ADAPT TO THE NEW PRODUCTIVE MODEL

RIGID PRODUCTION

(Long series / Few references /
Routinely-repetitive)



FLEXIBLE PRODUCTION

(Short batches / Many references /
Continuous improvement)

CUSTOMIZATION PROCESS

INFORMATION MANAGEMENT



KNOWLEDGE MANAGEMENT

HIERARCHICAL ORGANIZATIONS



NETWORK AND FLEXIBLE ORGANIZATIONS

LABOR FORCE



HUMAN CAPITAL

STANDARDIZED TECHNOLOGIES



ADVANCED TECHNOLOGIES and ICT

6.2 Main reasons for failure

- **Bad Business Idea.**
- **Cash problems**
- **Managerial Inexperience or Incompetence**
- **Lack of customer focus**
- **Inability to handle growth**
- **The business is not very profitable**
- **Failure to understand and communicate what you are selling**
- **Failure to anticipate or react**
- **Overdependence on a single customer**

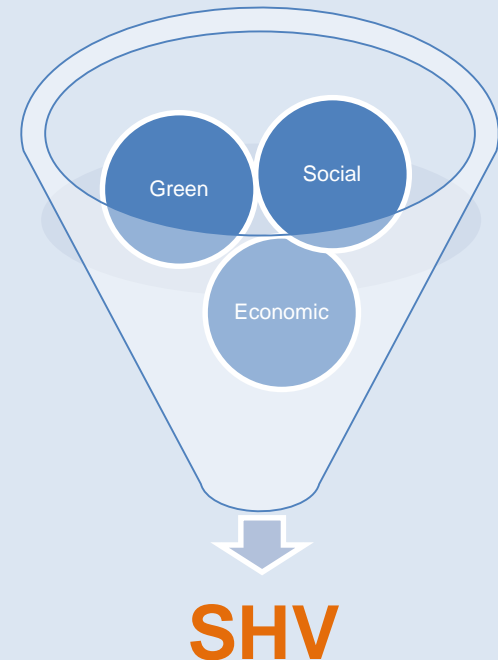
6.2 Main reasons for failure

- **Differences exist by countries and across regions**
 - **See Global Entrepreneurship monitor report 2019-20**
(link available at virtual classroom by the end of Lesson 7)

- **In Spain:**
 - Shortage of training and education
 - Lack of experience
 - Poor market knowledge
 - Shortage of funding
 - Difficulties to get funding
 - Wrong personal team

6.3 Social and hybrid enterprises: SHV

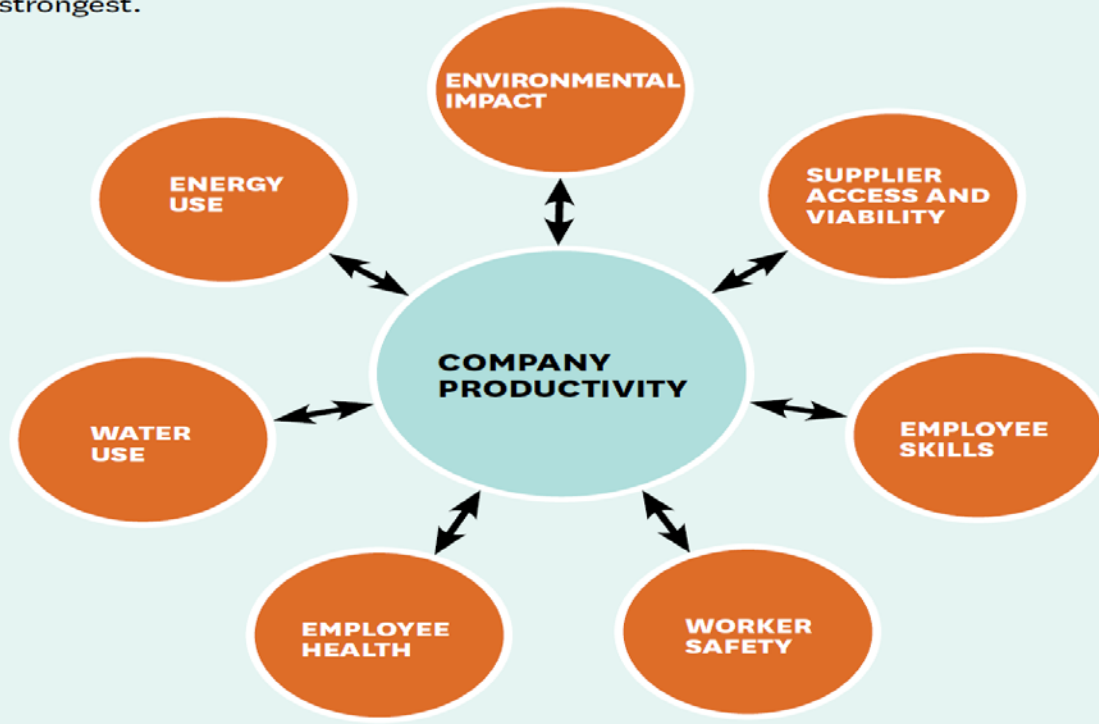
- **Social and hybrid enterprises** are those that do not work under a narrow perspective of short term profit maximization
- **Shared Value:** Corporate policies and practices that **enhance the competitiveness** of a company while simultaneously **advancing social and economic conditions** in the communities in which it operates
- Create **economic value** by creating **societal value** -> What is good for the community is good for business
(*Michael Porter & Mark Kramer*)



6.3 Social and hybrid enterprises: SHV

THE CONNECTION BETWEEN COMPETITIVE ADVANTAGE AND SOCIAL ISSUES

There are numerous ways in which addressing societal concerns can yield productivity benefits to a firm. Consider, for example, what happens when a firm invests in a wellness program. Society benefits because employees and their families become healthier, and the firm minimizes employee absences and lost productivity. The graphic below depicts some areas where the connections are strongest.



Porter and Kramer (2011)

6.3 Social and hybrid enterprises: SHV

- Operating under the concept of **SHV** is **blurring the boundary** between for-profit and, nonprofit organizations, thus giving birth to hybrid enterprises
- According to Porter & Kramer, **hybrid enterprises** (including social enterprises) are the type of organizations that are taking advantage of SHV approach

6.3 Social and hybrid enterprises: SHV

How? Reconceiving customer **needs**,
products, and **markets**

Redefining productivity in the
value chain

Enabling **local cluster**
development

6.3 Social and hybrid enterprises: SHV

HOW SHARED VALUE DIFFERS FROM CORPORATE SOCIAL RESPONSIBILITY

Creating shared value (CSV) should supersede corporate social responsibility (CSR) in guiding the investments of companies in their communities. CSR programs focus mostly on reputation and have only a limited connection to the business, making them hard to justify and maintain over the long run. In contrast, CSV is integral to a company's profitability and competitive position. It leverages the unique resources and expertise of the company to create economic value by creating social value.

CSR → CSV

> Value: doing good

> Citizenship, philanthropy, sustainability

> Discretionary or in response to external pressure

> Separate from profit maximization

> Agenda is determined by external reporting and personal preferences

> Impact limited by corporate footprint and CSR budget

Example: Fair trade purchasing

> Value: economic and societal benefits relative to cost

> Joint company and community value creation

> Integral to competing

> Integral to profit maximization

> Agenda is company specific and internally generated

> Realigns the entire company budget

Example: Transforming procurement to increase quality and yield

In both cases, compliance with laws and ethical standards and reducing harm from corporate activities are assumed.

Entrepreneurship and business establishment

Lesson 7: Support to entrepreneurs

Dr. Vanessa Campos-i-Climent

Learning outcomes:

- Know the main support institutions in the EU, Spain and Valencian lands
- Know how to take part in a incubating / accelerating program

Table of contents:

7.1 Support institutions

7.2 Incubators and accelerators

7.1 Support institutions

□ European Comission:

- http://ec.europa.eu/growth/smes/cosme_en
- ERDF and ESF
- http://ec.europa.eu/regional_policy/en/funding/erdf/

□ Spanish Government: “Secretaría general de industria y de la PYME”

- PAE-> “Punto de atención al emprendedor”
- <http://www.paeelectronico.es/es-ES/Paginas/principal.aspx>
- ICEX -> <http://www.icex.es/icex/es/index.html>
- ICO-> https://www.ico.es/en/web/ico_en/about-ico
https://www.ico.es/en/web/ico_en/video-library

7.1 Support institutions

□ Autonomous Government “Generalitat Valenciana”



GENERALITAT
VALENCIANA



<http://ceeivalencia.emprenemjunts.es/index.php?op=8&n=10819>

□ Chambers of commerce

<http://www.camaravalencia.com/va-es/emprendedores/pagines/default.aspx>

7.2 Incubators and accelerators



<http://ceeivalencia.emprenemjunts.es/?op=130&id=353>



PARC CIENTÍFIC
VNIVERSITAT ID VALÈNCIA

<http://www.pcuv.es/docroot/pcuv/img/logo-pcuv.jpg>

Cámara
Valencia

<http://www.camaravalencia.com/es-ES/emprendedores/viverosempresas/Paginas/default.aspx>

7.2 Incubators and accelerators

LAS NAVES

València Council

<https://www.lasnaves.com/collab/65302/>

Founded by Juan Roig, owner of
Pamesa and Mercadona

<http://lanzadera.es/>

Founded by Florida co-operative University

<http://valencialab.com/>