

FOCUS AWARD



Entrepreneurship

Contents

Welcome to Entrepreneurship	3
Unit 1: Is Entrepreneurship for You?	6
Unit 2: What is Entrepreneurship?	Error! Bookmark not defined.
Unit 3: Planning for Your Business	10
Unit 4: Analysing Your Marketplace	15
Unit 5: Funding Your Business	Error! Bookmark not defined.
Unit 6: The Marketing Plan	Error! Bookmark not defined.
Course Completion – The Next Step	18
References.....	Error! Bookmark not defined.
Further Reading	Error! Bookmark not defined.

Welcome to

Entrepreneurship

Entrepreneurship is the process of starting a new business with in depth insight into internal and external contributing factors that affects the development and running of a new enterprise. Entrepreneurship is a



growing trend in the modern work life as individuals seek independence and attempt to meet growing gaps in the market. Essentially, entrepreneurship is a brave and well thought out process which requires sufficient education to promote the chances of developing a successful business. You may have undertaken this course to gain education about becoming an entrepreneur or developing further insight into different business structures. With this in mind, the purpose of this course is to provide an important foundation to beginning a business venture and compasses all necessary requirements to facilitate success. This course is ideal for self-motivated, hardworking and dedicated students who wish to understand all process involved in new business ventures. Central to this course is recognising potential barriers that may impact a successful enterprise, as well as avoiding making costly mistakes.

Many small businesses fail due to insufficient planning associated with lack of foresight and information. The aim of this course is to adequately equip students with all necessary components to create a long lasting, well thought out enterprise and develop necessary skills to become a successful entrepreneur. The following describes the necessary subjects essential to become an entrepreneur:

Unit 1 Is Entrepreneurship for You?

So you want to be an Entrepreneur

What does it take to be an Entrepreneur?

Entrepreneurial Business Skills

Entrepreneurship – Advantages and Disadvantages

Unit 2 What is Entrepreneurship?

Definitions

What is a Small Business?

What is Business Management?

Different types of Business Structures

About your Business Idea

Developing a Business Idea

Unit 3 Planning for your Business

Legal Requirements for your Type of Business

Protecting your Idea

Opportunities in Your Environment

Identifying the Competition

What is a SWOT Analysis?

EBay selling

Unit 4 Analysing your Marketplace

Supply and Demand

The Market

Unit 5 Funding your Business

The Business Plan

Elements of the Business Plan

Unit 6 The Marketing Plan

The Nature of the Marketing Plan

Characteristics of a Marketing Plan

About the Marketing Plan

Preparing a Marketing Plan

Benefits of the course

Entrepreneurship is a burgeoning field that meets a range of market needs through dedication and development of a range of products or services. This Entrepreneurship course provides a skill base essential to creating an enriching career that can ultimately create

value for both the economy and your personal life. This course provides a real life context for utilising your idea and passion to develop a successful business and create transferable skills across a range of workforces in an engaging manner.

This course will aim to undertake the following:

- Develop essential necessary logistical elements associated with planning and running a new business
- Develop business skills associated with entrepreneurship
- Hone personal skills necessary to become an entrepreneur, such as passion, focus, dedication and motivation
- Develop a real life marketing and business plan
- Determine suitability of your product or service
- Develop necessary careers skills essential to all workforces
- Provide realistic information for start-up businesses

Assessment

Comprehension questions are based around a burgeoning entrepreneurship mindset and business idea. They are structured around individualised proposed business launches to provide a strong basis for an entrepreneurship career. Each question is based on the relevant Units' subjects and material should be revisited to ensure a well thought out response.

Unit 1: Is Entrepreneurship for You?

This Unit covers the following:

- So you want to be an Entrepreneur
- What does it take to be an Entrepreneur?
- Entrepreneurial Business Skills
- Entrepreneurship – Advantages and Disadvantages

So you want to be an Entrepreneur...

Many people have goals to be an entrepreneur for a range of reasons; they may be dissatisfied with their current role, feel they have a great business idea and that they would thrive and be financially proficient if they were to become an entrepreneur. The truth is, becoming an entrepreneur requires complete dedication, a well thought out



business plan and even financial backing to be successful. It's likely that you feel that you have a business idea that you feel could be highly successful with the right education. This course will equip you with both the benefits and negatives of becoming an entrepreneur and most importantly, potentially avoiding common risks or lack of foresight that could cause

your business to fail.

Some people are built for entrepreneurship; they make calculated risks, work long hours and have a supportive backing from family and friends. They are dedicated to sacrificing their free time to supporting all aspects of business, including marketing, administration, billing and client liaison to promote a business of which they are highly passionate. Other people are not prepared for the time and effort a new business requires.

Before progressing through this course, you need to ask yourself the following questions?

Is money the main reason I want to become an entrepreneur?

Although some businesses quickly become a success, the truth is that many businesses do not receive a profit for the first two years after the launch. Entrepreneurs must be aware of the possible need for financial backing and savings to ensure lifestyle is maintained.



Am I prepared to go above and beyond to implement my ideas?

Many people are surprised by the amount of time and dedication developing a business and becoming an entrepreneur requires. In the early years of a business, it is common for an entrepreneur to undertake all tasks associated with running the company, including administration, marketing, sourcing material and so on. This can be a stressful but rewarding process and requires complete passion and dedication.

Am I dedicated, motivated and determined to become a self-starter?

Motivation and dedication are essential to developing a burgeoning business. There will be times when you receive setbacks or criticism about your progress and these skills will carry you through the low points of becoming a successful entrepreneur. Entrepreneurs use their determination to bounce back from setbacks and use failure as a learning tool.

Am I responsible and organised?

Responsibility and organisation are essential to becoming a successful entrepreneur. Entrepreneurs know how to multitask and take responsibility for all elements of the business. Essential to this notion is organisation of all factors of the business, including organisation of working hours.

Is my business idea financially viable?

Many people have a wealth of ideas that are in line with their personal passions and education. However, it is important to determine if the idea is financially viable in the current market. Successful entrepreneurs recognise the importance of recognising consumer needs and understand the need to reach their target market. They understand basic ways to develop revenue and have a worst case scenario plan if the business fails.

Do I have strong support networks?

Successful entrepreneurs always need advice, emotional and support from family and friends during the early stages of a business idea. An insufficient support network can lead to increased workload, stress levels, financial pressure and minimal personal life.

Am I motivated by failure and highly self-secure?

The most successful entrepreneurs have experience ongoing and immense amount of failure throughout the careers. But instead of being overcome with fear and a sense of failure, successful entrepreneurs identify and modify their response to business and bounce back with a renewed vigour. They have a strong sense of self that facilitates the confidence to respond from failure and improve their business as a result.

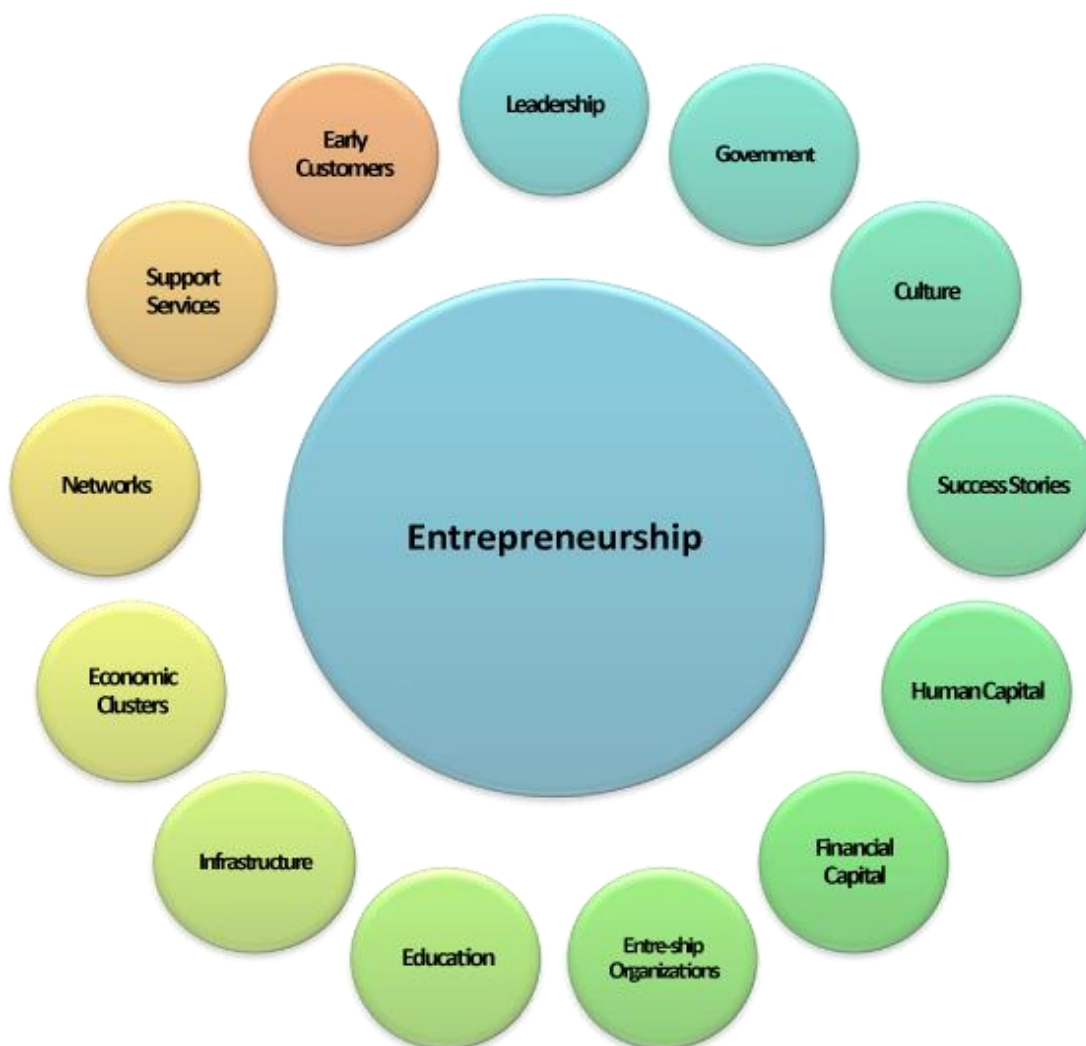
Statistics relating to entrepreneurship start ups

To gain insight into becoming an entrepreneur, the following statistics will provide an overview into a start up lifestyle in the UK in comparison to typical fulltime workers:

On average, entrepreneurs are eighty one percent happier than full time employees

- They are fifty four percent more relaxed than typical employed workers
- Entrepreneurs are sixty three percent busier than typical full time employed workers
- Entrepreneurs are over seventy percent more optimistic than typical employed workers

(Barklays 2012:1)



Unit 3: Planning for Your Business

This Unit covers:

- Legal Requirements for your Type of Business
- Protecting your Idea
- Opportunities in Your Environment
- Identifying the Competition
- Ebay selling
- What is a SWOT Analysis?

Legal Requirements for your Type of Business



There are numerous legal requirements for your business that must be adhered to avoid serious legal repercussions. Adhering to legal requirements begins whilst the business is in the planning stage, beginning with the name of the business. The business name is a long term decision that should be engaging, inoffensive and representative of the nature of the services

and products offered. In addition, the name of the business must also not be the same or deemed to be alike to another business in the same field.

Once a name has been chosen, it has to be registered. When a business name is registered it is protected by legislation and cannot be used by another party and indicates to consumers a legitimate business (Parker Randall 2012:1).

Businesses must adhere to relevant laws in the UK, inclusive of the Trades Description Act (1968). The Act prevents businesses misleading customers about products or services and enforces disciplinary actions against businesses who mislead consumers (Parker Randall 2012:1). The Act works alongside the EU Consumer Protection from Unfair Trading Regulations

(2008), which determines thirty one different trading practices that are banned in the UK and governs fair trade practices (Parker Randall 2012:1). These include the following:

- Claiming an endorsement that the business or product does not have
 - Claiming that a product will only be available for a short, specified period to enforce pressure on the consumer to buy and not adhering to the timeframe
 - Not enforcing a relevant promotion
 - Advertising directly at children to buy products or services
- (Legislation.uk.gov 2011:1)

The Sale of Goods Act (1979) relates to the sales of goods, including existing and future sale of goods. The act determines the quality of goods, contracts relating to purchase, warranty, titles as well as fair pricing structures (Legislation.uk.gov 2011:1).

Legal requirements relate to the following:

- Trademarks
- Copyright
- Insurances
- Taxes
- Employment law
- Council regulations
- Discrimination acts
- Quality of goods
- Representation of services

An overview of different types of business structures

The following provides essential information on the main forms of different business structures.

Sole trader

Sole trader is a common and simplistic business structure perfect for start out business and owner operators. Sole traders are completely responsible for all debt and income and typically manage all aspects of the business, including marketing and decision making. Tax requirements are necessary and authorities will need to be informed about the status of self-employment (Parker Randall 2012:1).

Licenses may be required, particularly to business pertaining to the following:

- Any service involving animals
- Any service which involves transportation of people or goods
- Any service in the adult industry
- Any service/goods involving liquor, goods or antiques
- Any service/goods sold on the street
- Any service that sells restricted goods, such as guns
- Any service that involves caring for children, disabled or elderly
- Any service involving money lending
- Any service involving waste

(Startups 2012:1)

The following provides important legislation and an overview of regulations relating to sole traders:

Trade Descriptions Act 1972

The trade description Act is an important form of legislation that details the ethical and legal governing of relevant businesses, including any form of communication that supplies misleading claims about a product or service.

Sale of Goods Act 1979

The Sale of Goods Act provides legislation relating to the quality of the goods and the consistency with description of the product. Any breaches of this legislation can lead to large

finances and cessation of a business.

Supply of Goods and Services Act 1982

Supply of Goods and Services Act determines the quality of services particularly relating to skill base and costing levels. Breaches can include discrepancies relating to quality can result in legal ramifications.

Data Protection Act 1984

The Data Protection Act protects the personal details of all employees and associates. It is essential Act that governs privacy of all involved in the business.

Consumer Protection Act 1987

The Consumer Protection Act 1987 relates to the injury or damage related to a service or product rendered by the business. Insurance can protect you against any liability.

Price Marking Order 1991

The Price Marking Order determines that all products or services must be properly priced in writing before a purchase is made.

Partnership

Business partnerships are undertaken with joint responsibility for a minimum of two people, including debt associated with the business occurred on their behalf. As a result, it is essential that all partnerships are undertaken with a sound business partner with the aim to promote ongoing professional and personal relationship.

Formal partnership agreements are usually encouraged to avoid legal ramifications and promote clarity between the partners. Partnership agreements may include:

- Name and date of partners involved
- The decision making process for major business decision

- A proposed conflict resolution process
- The roles and responsibilities of each person
- Insurance requirements
- Indemnity of any partners
- Financial arrangements
- Breach of the agreement
- Signature of both parties

Despite the partnership status, taxing will be undertaken on an individual basis (Parker Randall 2012:1)

Limited Companies

Limited companies are a more complex business structure whereby the business is legally separate from the owners and must be registered with the government. As a result, debts can be separated from the owners as can income. Tax and accounting liabilities are complex and auditing accounts are necessary as the company is a separate body from the owners.

Typically, Directors govern a company and receive a wage from the company itself.

Legally, limited companies must undertake the following:

- Submit an annual return to Companies House
- Inform Companies House of any changes to the company in a timely manner
- Act in the interest in the company
- Comply with all relevant laws and regulations relating to the functioning of the company
- Maintain accurate financial records
- Submitting of financial accounts on an annual basis to Companies House
- Submit an annual corporation tax return
- Ensure that outstanding financial responsibilities can be met
- Pay all staff consistent with relevant legislation

(Bytestart 2011:1)

Unit 4: Analysing Your Marketplace

This unit of the covers the following:

- Supply and Demand
- The Market

Analysing your market place is essential to a successful execution of a marketing plan. This element of the course will evaluate a term known as *supply and demand*. Supply and demand designates the amount of product or request for services based on the popularity or trends in the market.

Supply and demand is a two pronged process which governs numerous elements of the market, including the pricing of services or products. Supply and demand are intrinsically linked with the market, which will also be evaluated during this Unit.

Supply and Demand

Supply and demand is integral to all elements of both the global and local market. Supply refers to the amount of a product of service available to customers, whilst demand refers to the want of a product or service from consumers (Hamlett 2011:1). Supply and demand is ultimately linking to pricing structures dependent on both the want of a product and the products available. For example, when demand is high and supply is low, consumers are willing to buy available items for a higher purchase price. When there is a large amount of a product or service and reduced demand, the consumer must be enticed to purchase

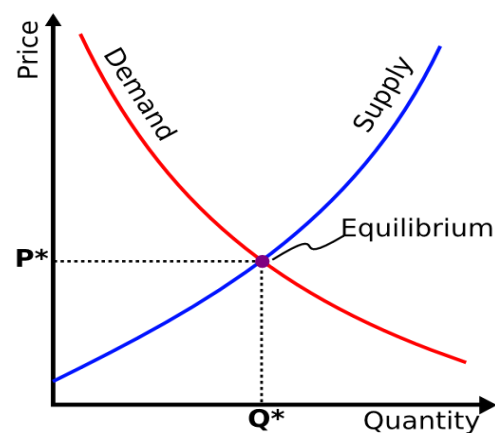
through avenues such as reduced pricing structures.

There are four basic elements to supply and demand:

- If demand increases and the supply needs are not met increased pricing occurs.
- If demand from the market is decreased a lower price on excess stock occurs
- If demand remains the same and supply is increased, pricing is typically lowered
- If demand remains consistent and supply is lowered, price of the product or service may increase

(Supply and demand 2011:1)

Demand and supply are the two most important tools for market analysis and are essential to calculating and analysing how the market has been working and will work in the future. Markets are known for the kind of goods they demand and prices. Cost of products are dependent on various changes occurring in the economy. The following elements that dictate supply and demand include the following:



- Disposal income of consumers in the market
- Avenues of technology available to sell and purchase stock
- Marketing and branding of the products
- Changes in preferences of consumers
- Pricing structures

The concept of demand and supply was introduced by Marshall (1890). The purpose of demand and supply analysis is to determine the effect of a singularly occurring change by holding other factors constant and unchangeable, that would affect the change in demand and supply for a competitive market, also known as the *ceteris paribus* assumption. According to Marshall (1890), demand and supply analysis is mechanical. Demands of individuals determine the demand of the market that determines the supply being made by the firm.

In an ideal competitive market there are several buyers and sellers for various products available, where no single buyer or seller is capable of changing or influencing the price of

the products on their own. In this instance, the price is consistent for buyers and similarly, all sellers can sell their commodities at the stated price and not charge extra from the consumers. Sellers and buyers make exchange at the stated price and demand and pricing is consistent.

While analysing a market on basis of demand and supply, it is essential to understand the law of demand and law of supply. According to the law of demand, the quantity of goods being purchased by the buyer is indirectly proportional to the price of that good at a stated time period, given all the other circumstances remain unchanged as stated by Reutlinger (2014).

For example, when products are on sale, individuals tend to buy more products than in usual routine. Demand is determined by the demand curve that connects price and quantity of goods purchased by an individual, hence determining the quantity in demand of the product at that particular price. For example, John bought comics from the bookstore. The following curve states that at a price of \$10, John bought 5 comics at £2 each, however that reduced to 2 when the price of each comic increased to £5. Hence the curve tells us the rise or fall in demand of a certain product consumers are willing to buy at a given price, during a specific period of time.

When combining all the individual demands together, the company gets a market demand curve, stating the relationship between the price of the product and the demand of quantity in the market.

