



# Preparing for Entrepreneurship

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## PREPARING FOR ENTREPRENEURSHIPS

Business plans have a number of key functions:

- Entrepreneurs can use them to communicate their vision to potential investors.
- They can be used by people seeking new business opportunities, dealing with suppliers or simply trying to understand how to manage their companies better.

Business plans have a lot of elements in common but business plans are not all the same any more than all businesses are.

# GENERAL STRUCTURE



Part 1: Introduction

Part 2: Preparing for entrepreneurship

Part 3: Generating business ideas

Part 4: Planning your business

Part 5: Beginning your business plan

# Part 1: Introduction



## Business Plan:

- a written description of your business' future
- inherently strategic outlining how you plan the growth of your business

## Business plans include:

- business strategies
- potential problems and ways to solve them
- organizational structure of the business
- amount of capital required to finance the venture and keep it going

# Business plans: Basic concepts



- Business concept
  - business structure
  - product/service
  - how you plan to make business a success
- Marketplace concept
  - describe and analyse potential customers
  - describe the competition and how to position yourself to beat it
- Financial section
  - Income statement
  - Cash flow statement
  - Balance sheet
  - Other financial documents e.g. break-even analysis

# Preparing for entrepreneurship



- Keeping a full-time job while developing a part-time business:
  - Regular salary
  - Benefits
  - Security



# Preparing for entrepreneurship



- Taking a part-time jobs:
  - Significant investment of time developing the business.
  - To earn money while beginning their venture.



# Preparing for entrepreneurship

- Leave your job and commit completely to full-time entrepreneurship.

The riskiest route in beginning a business





# Preparing for entrepreneurship

Beginning your own business requires a significant change in your mindset



# Preparing for entrepreneurship

- People who are entrepreneurs are more in control of their careers and their lives.
- People who have the most fulfilling careers often have multiple income-producing opportunities.
- People who are happiest create financially rewarding activities.
- People who are happiest often work for someone else while maintaining a loyalty and commitment to themselves through entrepreneurship.
- People who begin entrepreneurial ventures while still maintaining a job have the most career security.

# Preparing for entrepreneurship

## *Assessing the risk of failure*

- Fear of failure is a major reason why people abandon start-ups
- The key to overcoming this fear is to accept that failure is part of life for entrepreneurs
- Most entrepreneurs have failed several times but see their failures as a learning process
- Failure can also be a motivating factor for success

# Preparing for entrepreneurship



## Building confidence

- Successful entrepreneurs have confronted their fears and found ways to overcome them. They have eliminated these negative blocks to unleash the power of their creativity.

*"I can accept failure, everyone fails at something. But I can't accept not trying."*

*- Michael Jordan, Former Professional Basketball Player*

# Preparing for entrepreneurship

- In most cases, the process goes something like this:
- You have a great idea that you believe nobody has thought about before. You develop the idea in your mind.
- You begin to get your idea down on paper.
- You do little preliminary research about who might be interested in helping you develop your project.
- You need to have a supportive network of people to help you achieve your goals.

<http://www.an-entrepreneur.com/>



# Preparing for entrepreneurship

Mentors: Someone whom you can trust, serve as guides, motivators, as advisors.

Mentors help you to grow and fulfill your potential



# Preparing for entrepreneurship

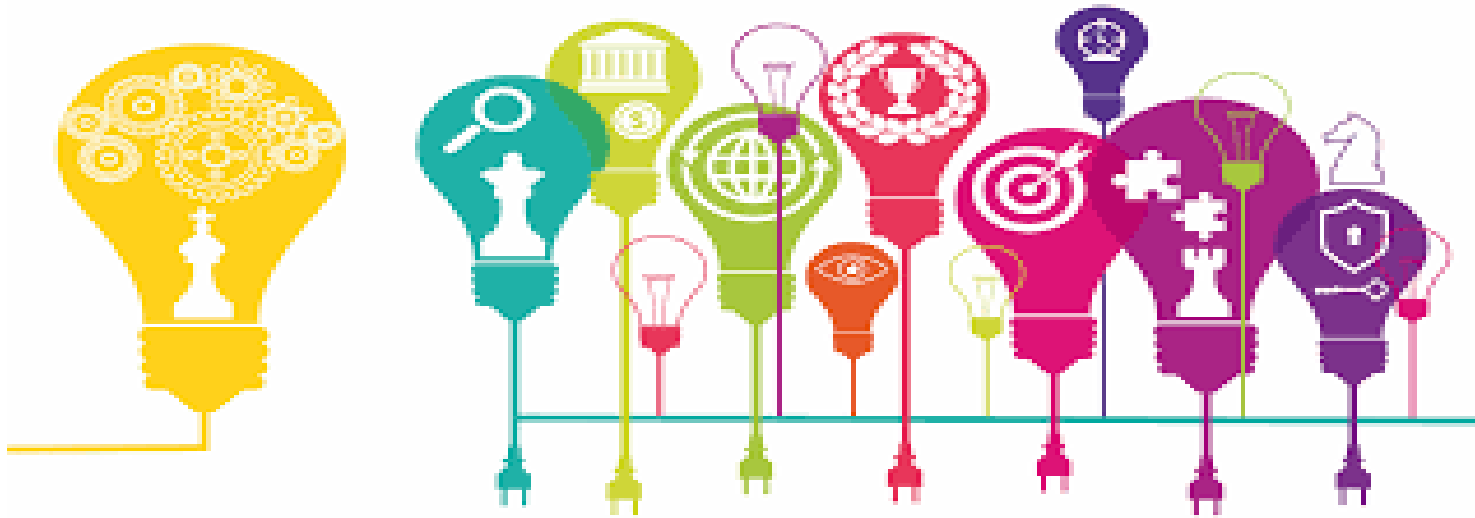
- Significant people, e.g. close friends and family. Provide emotional support and encouragement through the ups and downs of owning your own business





# Developing Ideas

- The road to entrepreneurial success begins with great ideas
- Entrepreneurs live in a world where ideas can be built, created, and transformed into a reality-based, money-making machine



# Preparing for Entrepreneurship

## Handling your finance

- The importance of a financial cushion or investors.
- Should have 3 to 6 months of savings.
- Achieving balance
- Importance of achieving balance between work, leisure and family life.

# Generating business ideas



*Commit to your business* About 90% of all new businesses fail in the first year of operation. Often this is due to a lack of commitment evident in:

- Lack of vision
- Unwillingness to take the necessary risks
- Lack of perseverance

# Generating business ideas



To evaluate your commitment you need to consider the following:

- Vision for the future of the business including short- and long-term goals
- Risk Tolerance. Ready and willing to take calculated risks
- Perseverance Determination and persistence to pursue your entrepreneurial goals despite setbacks, barriers and obstacles.

# Generating business ideas



- Commitment to the business.
- Goal orientation
- Ability to make decisions quickly and effectively and to think constantly about how you can achieve your goals.
- Confidence



# Developing ideas



- Business ideas should relate to your interests, skills and personality. Your type of business project must be the combination of personal preferences, attitudes and abilities.



# Developing ideas



*Generating business ideas based on your interests or skills*

- **Interests.** If you are promoting something you feel excited about, others will get excited too.
- **Skills.** Entrepreneurial skills are designed to help you think about and identify skills possess that can be transferred to an entrepreneurial venture.

# Planning your business



Business plans follow a standard format. They help make your idea a reality by:

- Providing a framework
- Driving you to plan and to set goals
- Forcing you to think about aspects of the business that may not be interesting
- Enabling reflection on all aspects of the business before implementation
- Helping to explore financial implications
- Revealing opportunities and innovations
- Providing others (investors, suppliers, potential partners etc.) with necessary information



# Beginning your business



- **Idea:** Define the project, image, customers, suppliers and location
- **Market:** Customers and market competition
- **Operation Plan:** Material resources, location
- **Marketing Plan:** Marketing, promotion etc.
- **Financial Plan:** Investment Plan, debt and equity, treasury Plan
- **Procedures:** legal, tax, subsidies

# Beginning your business



Important areas in creating the organisation of operations aspects of a comprehensive business plan:

1. Legal Structure
2. Commencement date of business
3. Written agreements with all business consultants and partners
4. Copyright/trademarks
5. Tax benefits
6. Insurance
7. Licenses
8. Regular daily schedule
9. Motivated and focussed
10. Select legal advisor, accountant, banker, accountant, mentor, financial planning advisor

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