AHMADU BELLO UNIVERSITY, ZARIA, NIGERIA

DEVELOPED CURRICULAR FOR ENTREPRENEURSHIP AND INNOVATION

Course code: GENS202

Course Title: Entrepreneurship and Innovation
Level: Undergraduate

Course curriculum/contents

Module 1: Development Entrepreneurship/Intrapreneurship

- The concept of Organizations and Theories of Entrepreneurship
- The Entrepreneurial culture
- Barriers to Entrepreneurial practice
- The role of entrepreneurship in the economy and society

Module 2: The Nigerian Entrepreneurial Environment

- The Business External Environment (political, legal, socio-cultural, economic, natural, technological etc)
- Identifying Business Opportunities and Threats

Module 3: Creativity and Intellectual Rights

- Intellectual Property and its Dimensions
- Copyright Laws in Nigeria
- Strategies for Protection of Intellectual Property(original ideas, concepts, products etc)

Module 4: Technological Entrepreneurship

- The interface between Technology Development and Entrepreneurship
- Technological Environment and Business

Module 5: Management of Innovation

- Innovation and Entrepreneurship
- Entry Strategies for New Ventures

Module 6: Women Entrepreneurship

- The Concept of Women Entrepreneurship

Module 7: Social Entrepreneurship

- The Concept of Social Entreneurship

Module 8: Business Opportunity Evaluation

- Sources of Business Opportunities in Nigeria
- Entrepreneurial ideas and Opportunities
- Elements of Venture Creation

Course Code: GENS301
Course title: BUSINESS CREATION AND GROWTH
Level: Undergraduate

Course curriculum/contents

Module 1: Concept of Business and New Value Creation

- Business Planning Process
- Typical Structure for a Business Plan for a Start-up Venture.
- Start Up Decision - What Motivates People to Begin New Businesses
- Factors that Motivate People to Begin New Businesses
- Opportunity Search and Identification
- Business Opportunity Identification Process
- Networking versus Solo Entrepreneurship Factor
- Opportunities from SWOT Analysis
- Legal Issues at Start Up
- Legal Formalities for Business Start Up
- How to Write a Feasibility Analysis Report
- Template and Structure for a Feasibility Analysis Report
- Feasibility Considerations
- Angel Financing
- Venture Capital Financing

Module: 2 Theories of Growth: An Overview

- Concept of Business Growth
- Reason for Business growth
- Types of Business Growth
- Challenges of Business Growth in Nigeria
- Critical Success Factors for Growing Businesses

Module 3: Sources of Funds

- Sources of Funds for New and Entrepreneurial Ventures
- Advantages and Disadvantages of internal financing

Module 4: Marketing for Both Small and Large Businesses

- Differences between Small Business Marketing and Large Business Marketing
- Marketing Mix in New Ventures
- Factors Affecting Price
- International Marketing
- Modes of Market Entry
- Joint Venturing
- Direct Investment

Module 5: Managing Transition: from Start Up to Growth

- Transition In Business and Phases of Business Growth
- The Phases of Business Growth
- Managing Transition from Start up to Growth
- Transition Managers and the Transition Management Process
- Pitfalls in Managing Transitions from Start up to Growth
- Decision Making in Business Transition
- Business Control
- Personal Discipline in Business Transition

Course code: NUTR711

Course title: INTRODUCTORY MANAGEMENT & ENTREPRENEURSHIP (2CU)

Level: Postgraduate

Course curriculum/contents

- Definition of entrepreneurial management
- Becoming an Entrepreneur, Idea Generation
- Business Plan Foundations
- Industry Analysis
- Market/Product Analysis
- Legitimacy and entrepreneurship
- Legal aspects of Organizing Business
- Effective Business Models
- Financial Analysis
- Concept Integration
- Managing uncertainty
- Managing New and Small Business
- Managing Investors
- Business development plan
- Entrepreneurial career

Course code: SCI801:

Course title: Management Entrepreneurship (2CU)
Level: Postgraduate

Course curriculum/contents

- Business environment
- General management
- Financial management
- Entrepreneurship
- Feasibility studies
- Marketing and managerial problem solving

Course code: CEE004:

Course title: Entrepreneurship in Engineering (2 CU)
Level: Postgraduate

Course curriculum/contents

Module 1: Creating Value from Idea

- Introduction
- Engineers Create Value for Investors
- Technological Innovation and Innovators
- Case Study

Module 2: Ideas to Products and Market

- Introduction
- How to find ideas
- How to Turn your Idea into a Product
- Early detection of Market Potential
- Case Study

Module 3: Intellectual Property, Patents and Trade Secret

- Introduction
- Intellectual Property, Patents and Trade Secret
- Case Study of a Patent
- Patent Search and Conclusion before Drafting a Patent Application

Module 4: Marketing Products

- Introduction
- Macroeconomics for innovators in Engineering
- Customers, Target Markets, Marketing and Market Analysis Resources
- The Power of Social Media Marketing
- Case Study

Module 5: Manufacturing and Distribution

- Introduction
- Manufacturing and Sourcing
- Break Even Analysis
- Sales and Distribution, Wholesale, Direct and Other
- Reaching your Customers, Advertising and Promotion
- Case Study

Module 6: Business Model and Business Plan

- Introduction
- Selecting your Business Model
- Cost Estimation and Pricing
- Assemble a Business Plan to Attract Investors
- Ethics in Engineering and Business Professions
- Legal Issues and Technology Licensing Option
- Financially Feasible Start-up Leadership, Teamwork and Management
- Case Study of Mature Firms

AHMADU BELLO UNIVERSITY (ABU), ZARIA, NIGERIA
CURRICULUM ON ENTREPRENEURSHIP

Contents

GENS 202: ENTREPRENEURSHIP AND INNOVATION

1.0 Module 1: Development Entrepreneurship/Intrapreneurship

1.1 The concept of Organizations and Theories of Entrepreneurship

Meaning of Organization: Organization is a Process

Organization is a process which integrates different type of activities to achieve organizational goals and objectives, to achieve these goals there must be competent management providing them all those factors to perform their job efficiently and effectively. Organization is nothing but is a process of integrating and coordinating the efforts of men and material for the accomplishment of set objectives.

Every thinker is of the opinion that an organization is a process. They further have added that this process lead identification of work to be performed which for convenience sake should be objectively grouped and defined. Then the work should be assigned to individuals according to their aptitude, technical knowledge, skill and efficiency. For satisfactory working the individuals should be given some right and authority. A mutual relationship between jobs (what to be done) duties (to be performed) and authority (to be exercised) should be established.

Organization is just like a tool in the hands of management. Net results will be perfect if the tool is well designed and handed properly.

Characteristics of Organization

Organization is an effective and necessary instrument for the attainment of predetermined goals. The following are main characteristics of organization.

- Organization is an instrument used by the management for the attainment of planned objectives.
- Management guides and directs the organization.
- A set of rules and instrument are communicated to all connected with the organization.

- It prefers to a group of personnel whose positions, rights, responsibilities are well defined and classified according to the nature of assignments.

Nature of Organization

A set of five processes in commonly accepted as five functions of organization which represents nature of organization, they are

- Subdivision of main work into small groups
- Based on principles of equality division of different activities ties
- Selection of suitable personnel and allocation of jobs according to suitability
- Allotments of rights and authority to those who have been assigned the job so that may be able to accomplish their job satisfactorily
- Determination of positions at different levels

Importance of Organization

Any effective organization

- Makes the management simple and efficient
- Encourages specialization
- Improves techniques
- Encourages constructive thinking
- Increase productivity and
- Accelerates the progress

The management asks the organization to accomplish the tasks set-forth before it which an effective organization is capable of achieving through its fruitful organizational framework. This is why it is said that organization is a foundation upon which the whole structure of management can be successfully built.

Theories of Entrepreneurship

People use the terms "entrepreneur" and "entrepreneurship" interchangeably. The entrepreneur is the person who starts his own business. The exact definition of "entrepreneurship" still remains a vague concept, though various entrepreneurship theories have defined the concept.

Early Theories of Entrepreneurship

Richard Cantillon (1680-1734) was the first of the major economic thinkers to define the entrepreneur as an agent who buys means of production at certain prices to combine them into a new product. He classified economic agents into landowners, hirelings, and entrepreneurs, and considered the entrepreneur as the most active among these three agents, connecting the producers with customers.

Jean Baptise Say (1767-1832) improved Cantillion's definition by adding that the entrepreneur brings people together to build a productive item.

Frank Knight's Risk Bearing Theory

Frank Knight (1885-1972) first introduced the dimension of risk-taking as a central characteristic of entrepreneurship. He adopts the theory of early economists such as Richard Cantillon and J B Say, and adds the dimension of risk-taking.

This theory considers uncertainty as a factor of production, and holds the main function of the entrepreneur as acting in anticipation of future events. The entrepreneur earns profit as a reward for taking such risks.

Alfred Marshall's Theory of Entrepreneurship

Alfred Marshall in his Principles of Economics (1890) held land, labor, capital, and organization as the four factors of production, and considered entrepreneurship as the driving factor that brings these four factors together.

The characteristics of a successful entrepreneur include:

- thorough understanding of the industry
- good leadership skills
- foresight on demand and supply changes and the willingness to act on such risky foresights

Success of an entrepreneur however depends not on possession of these skills, but on the economic situations in which they attempt their endeavors.

Many economists have modified Marshall's theory to consider the entrepreneur as the fourth factor itself instead of organization, and which coordinates the other three factors.

Max Weber's Sociological Theory

The sociological theory entrepreneurship holds social cultures as the driving force of entrepreneurship. The entrepreneur becomes a role performer in conformity with the role expectations of the society, and such role expectations base on religious beliefs, taboos, and customs.

Max Weber (1864-1920) held religion as the major driver of entrepreneurship, and stressed on the spirit of capitalism, which highlights economic freedom and private enterprise. Capitalism thrives under the protestant work ethic that harps on these values. The right combination of discipline and an adventurous free-spirit define the successful entrepreneur.

Mark Casson's Economic Theory

Mark Casson (1945-) holds that entrepreneurship is a result of conducive economic conditions.

In his book "Entrepreneurship, an Economic theory" he states the demand for entrepreneurship arising from the demand for change.

Economic factors that encourage or discourage entrepreneurship include:

- taxation policy
- industrial policy
- easy availability of raw materials
- easy access to finance on favourable terms
- access to information about market conditions
- availability of technology and infrastructure
- marketing opportunities

Joseph Schumpeter's Innovation Theory

Joseph Schumpeter's innovation theory of entrepreneurship (1949) holds an entrepreneur as one having three major characteristics: innovation, foresight, and creativity. Entrepreneurship takes place when the entrepreneur

- creates a new product
- introduces a new way to make a product
- discovers a new market for a product
- finds a new source of raw material
- finds new way of making things or organization

Schumpeter's innovation theory however ignores the entrepreneur's risk taking ability and organizational skills, and place undue importance on innovation. This theory applies to large-scale businesses, but economic conditions force small entrepreneurs to imitate rather than innovate.

Other economists have added a dimension to imitating and adapting to innovation. This entails successful imitation by adapting a product to a niche in a better way than the original product innovators innovation

Israel Kirtzner's Theory of Entrepreneurship

Israel Kirzner (1935) hold spontaneous learning and alertness two major characteristics of entrepreneurship and entrepreneurship is the transformation of spontaneous learning to conscious knowledge, motivated by the prospects of some gain.

Kirzner considers the alertness to recognize opportunity more characteristic than innovation in defining entrepreneurship. The entrepreneur either remedies ignorance or corrects errors of the customers.

His entrepreneurship model holds:

1. The entrepreneur subconsciously discovering an opportunity to earn money by buying resources or producing a good, and selling it
2. Entrepreneur financing the venture by borrowing money from a capitalist.
3. Entrepreneur using the funds for his entrepreneurial venture
4. Entrepreneur paying back the capitalist, including interest, and retaining the "pure entrepreneurial profit."

Leibenstein's Theory of Entrepreneurship

Harvey Leibenstein (1922-1994) consider entrepreneur as gap-fillers. The three traits of entrepreneurship include:

1. recognizing market trends
2. develop new goods or processes in demands but not in supply
3. determining profitable activities

Entrepreneurs have the special ability to connect different markets and make up for market failures and deficiencies.

McClelland's Theory of Achievement Motivation

McClellands Theory of Achievement Motivation hold that people have three motives for accomplishing things: the need for achievement, need for affiliation, and need for power. Need for achievement and need for power drive entrepreneurship.

David McClelland (1917-1988) considers entrepreneurs as people who do things in a better way and makes decisions in times of uncertainty. The dream to achieve big things overpowers monetary or other external incentives.

McClelland's experiment revealed that traditional beliefs do not inhibit an entrepreneur, and that it is possible to internalize the motivation required for achievement orientation through training.

Peter Drucker's Theory of Entrepreneurship

Peter Drucker (1909-2005) holds innovation, resources, and an entrepreneurial behaviour as the keys to entrepreneurship. According to him entrepreneurship involves

1. increase in value or satisfaction to the customer from the resource
2. creation of new values
3. combination of existing materials or resources in a new productive combination

What theories do you think explain entrepreneurial drive?

An analysis of various entrepreneurship theories reveal while what economists differ on the force that drives entrepreneurs or the central characteristics of entrepreneurship, they remain unanimous that entrepreneurship is a distinct concept and a central factor of the economic activity.

1.2 The Entrepreneurial culture

Entrepreneurship is not an inborn skill; it is a product of the environment. It involves a complex of economic and social behaviour. To be successful, an entrepreneur has to remain dynamic and responsible to the whole environment. Entrepreneurship can hardly survive under any given circumstances. It can flourish only under the right environment. It is a part of the total system. The social values, culture, government policies, political system, technology, economic conditions, customs, laws, etc. influence the growth of entrepreneurship.

In fact, the entrepreneurship cannot be kept aloof from the changing social values, ideologies, new emerging aspirations, environmental pressures, religious beliefs, consumer wants and society needs etc. Business is a system made up of certain environmental factors which require the entrepreneur to adopt a dynamic attitude and a new strategy of their own.

Entrepreneurial culture implies a set of values, norms and traits that are conducive to the growth of entrepreneurship.

Cultural values deeply affect entrepreneurship and the level of economic development – Structural conditions make development possible – cultural factors determine whether the possibility becomes an actuality.

Culture has everything to do with the entrepreneurial process and focuses on the discovery and interpretation of opportunities, neglected by others. No entrepreneur can overlook the country's cultural heritage and values if he wants to survive and progress. He needs to function on the basis of social expectations, desires and goals. The entrepreneur has to respect the human society, its cultural values and traditions.

Awareness and understanding of the cultural environment of business may be useful to the entrepreneur in several ways:

i) To better understand the behaviour and conduct of people with regard to entrepreneurship.

ii) To predict behaviour and determine how people will act in a certain situation as regards to entrepreneurship.

iii) It develops the sensitivity of the entrepreneur.

iv) It facilitates change of the entrepreneur.

Understanding entrepreneurial culture is important, not only to the theoretical understanding of entrepreneurship, but also to entrepreneurship as a practical enterprise, which can provide new and fresh ideas of entrepreneurship, by looking at innovative business behaviour in other times, in other societies and in other cultures – and also by looking at entrepreneurship from novel angles and much wider perspective.

Culture is of great importance to entrepreneurship, because it determines the ethos of people. It trains people along particular lines. It creates distinctions. It conveys a sense of identity. It enhances social system stability. It creates people, enterprising men and risk bearers. It determines goods and services. The understanding of culture enables the entrepreneur to skillfully manipulate the cultural codes of his society, balancing between the permissible and the profane, tugging moral codes into a new conformation.

The entrepreneur's ability to "read" opportunities cannot be due to isolation or separateness, but is rather due to a higher degree of sensitivity to what others are looking for. And it is culture that gives pre-direction to the entrepreneur's vision, enabling him to read certain things. They can pick up the sense of where their fellows in the culture stand, what values they adhere to, what purposes they pursue, what they consider beautiful and what they deem profane.

The entrepreneur's ability to move ahead with confidence, his struggle to turn setbacks into opportunities, to advance and survive in the business world is the knowledge and instinct that comes from experience gathered in a particular cultural milieu.

Sociologists like Max Weber argue that entrepreneurship is most likely to emerge under a specific social culture. According to them, social sanctions, cultural values and role expectations are responsible for the emergence of entrepreneurship. For many researchers, modern entrepreneurship is a distinctly new variant of a timeless species created and sustained by culture and creative of it at the same time.

Some cultures are enormously supportive of entrepreneurship – indeed to the point where entrepreneurship develops its own culture, such as in Hong Kong. Others (such as Communist Countries) regard the entrepreneurial way of life with suspicion. The differences go a long way towards explaining why some societies are vibrant and progressive, while others stagnate.

Religion/ caste and family influences greatly determine entrepreneurial culture. Some religions are found to be conducive to entrepreneurship, while others inhibit entrepreneurship. Religious beliefs produce intensive exertion in occupational pursuits, the systematic ordering of means to an end and the accumulation of assets. It is these beliefs and the caste system that are found to influence the propensity to become an entrepreneur.

Religion often determines what business one stays out of. In India for example, it is religiosity that keeps many people in business and often determines what business one stays out of. The mighty Birlas chose to stay out of the hotel business because of the necessity to consider serving non-vegetarian food. Religion based norms become easy and convenient reference points for designing one's course of actions.

Family too plays an important role in shaping entrepreneurial instincts. Family background, simply familiarity with a business environment, growing from "table talk" at home is the key to increasing the probability that an offspring will later become an entrepreneur. Entrepreneurs are very much in terms with the 'conversations' going on around him. Brought up in a family, where commercial activity is part of the daily household routine, it becomes a conscious battle for the entrepreneur to create viable business.

The characteristics of the family enterprises – commitment, continuity, putting a face to the company and close interaction between the family and the business – may have a strong impact on the strategic choices in the business.

Family background of business-family values, business conversations as a part of the daily household routine, family support and encouragement, has given these young entrepreneurs, the drive, the desire, and the motivation to create their own viable business unit. On the other hand, successful family business that have been forced on in heritage, has curbed the development of independent, innovative ventures.

Family enterprises also play a major role in regional and local economics – often act as the engines of their economic development as they have a positive attitude towards growth, and their growth is usually more cost efficient than of other firms. The owners that put a face to their family enterprises are committed to developing their firms as well as to their continuity.

To conclude, the influence of human institutions such as norms, values, morals, family ties and support – in other words – culture- form the framework within which individuals can pursue entrepreneurial opportunities.

1.3 Barriers to Entrepreneurial practice

There may be a variety of barriers to enterprise, depending on the industry sector, region and type of enterprise. The common barriers which act to limit enterprise across most nations include:

- Regulatory barriers, such us administrative barriers to entry
- Cultural and social barriers, such as the 'fear of failure' and a lack of entrepreneurial knowledge and skills and
- Financial and economic barriers, such us, insufficient access to risk capital, both seed/early stage and longer term financing

Regulatory barriers

Creating a business environment conducive to entrepreneurship and enterprise creation requires a broad range of reinforcing and supportive policies. These include fiscal and monetary policies, which are essential to provide a basis for a stable macroeconomic environment. They also include structural policies that determine the overall economic framework in which the business sector operates, such as those affecting labour markets, tax design, competition, financial markets and bankruptcy laws.

There is considerable evidence that regulatory and administrative burdens can impose adversely on entrepreneurial activity. Legal entry barriers should be avoided unless their benefits are very clear. Regarding the barriers to entry, we can indicate some that are common in many countries: several legal forms of enterprise, with different procedures, requirements and registration; the complexity of creating a company: in some countries, the entrepreneurs need one day to register an enterprise, in others, they need so many weeks; in addition to registration requirements, some countries require skill qualification when the activity is deemed to be an artisanal nature or the elaboration of a business plan certified by a business expert which attests to the enterprise viability.

Employment regulation limits management flexibility and leads to smaller firm size and less research and development as well as less investment in technology.

Barriers to exit may also discourage entry, since exit and entry rates tend to be closely related. Since firm entry involves considerable risk, with survival chances that are difficult to assess, institutions that make exit very costly discourage entry.

Cultural and social barriers

Creating an enterprise is a very difficult task because it demands knowledge of the legislation, environment, market, institutions, etc. To install an enterprise in a country, the entrepreneurs need to know well the language to have a better implementation and adaptation in the place. The difficulties of language don't help the complete integration of the entrepreneurs and enterprises, specially the micro and small enterprises.

The lack of information on the available institutions is also a barrier for the creation of enterprises because entrepreneurs don't have enough information about the role, services and mission of the institutions that give support to enterprise creation. The limited access to social and business networks and institutions can also be considerate as a barrier to enterprise creation.

The promotion of entrepreneurial culture must be fostered in order to improve the motivation of persons, the appetence towards risk, the appropriate skills and knowledge, factors that inhibit the creation of enterprises. Role models must be also presented in order to give entrepreneurs an idea of the rewards and benefits of enterprise creation and reduce the stigma of failure.

The real cost of enterprise creation is still a barrier for star-up an enterprises, both personal and financial costs. The fear of failure is a barrier that still remains implanted in most countries including Nigeria because the legal and social consequences of failure are severe.

Information, communication and resources are very important tools that can be provided by networks. The lack of access to the networks can be a significant entry barrier.

Economic and financial barriers

Access to finance is important for all firms in achieving their business objectives; particularly for star-ups and business that seek to invest and grow.

The capital markets tend to be efficient to larger firms but newer and smaller growth forms often depend upon external sources of finance and can face barriers in the market that prevent them from raising even relatively modest sums of risk capital, specially for innovative high-technology small firms and for businesses operating in disadvantage areas.

1.4 The role of entrepreneurship in the economy and society

Most economists agree that entrepreneurship is essential to the vitality of any economy, developed or developing.

Entrepreneurs create new businesses, generating jobs for themselves and those they employ. In many cases, entrepreneurial activity increases competition and, with technological or operational changes, it can increase productivity as well. Entrepreneurs also give security to other people; they are the generators of social welfare.

It is agreed that the benefits of small businesses go beyond income. Small businesses broaden the base of participation in society, create jobs, decentralize economic power, and give people a stake in the future.

Entrepreneurs innovate and innovation is a central ingredient in economic growth. As Peter Drucker said, "The entrepreneur always searches for change, responds to it, and exploits it as an opportunity." Entrepreneurs are responsible for the commercial introduction of many new products and services, and for opening new markets. A look at recent history shows that entrepreneurs were essential to many of the most significant innovations, ones that revolutionized how people live and work. From the automobile to the airplane to personal computers – individuals with dreams and determination developed these commercial advances.

Small firms also are more likely than large companies to produce specialty goods and services and custom-demand items. As Carl J. Schramm has suggested, entrepreneurs provide consumers with goods and services for needs they didn't even know they had.

Innovations improve the quality of life by multiplying consumers' choices. They enrich people's lives in numerous ways – making life easier, improving communications, providing new forms of entertainment, and improving health care, to name a few.

According to the 2006 Summary Results of the Global Entrepreneurship Monitor (GEM) project, "Regardless of the level of development and firm size, entrepreneurial behavior remains a crucial engine of innovation and growth for the economy and for individual companies since, by definition, it implies attention and willingness to take advantage of unexploited opportunities." The GEM project is a multi-country study of entrepreneurship and economic growth. Founded and sponsored by Babson College (USA) and the London Business School in 1999, the study included 42 countries by 2006.

International and regional institutions, such as the United Nations and the Organization for Economic Cooperation and Development, agree that entrepreneurs can play a crucial role in mobilizing resources and promoting economic growth and socio-economic development. This is particularly true in the developing world, where successful small businesses are primary engines of job creation and poverty reduction.

For all of these reasons, governments may wish to pursue policies that encourage entrepreneurship.

2.0 Module 2: The Nigerian Entrepreneurial Environment

2.1 The Business External Environment (political, legal, socio-cultural, economic, natural, technological etc.)

Introduction

A business does not operate in a vacuum. It has to act and react to what happens outside the factory and office walls. These factors that happen outside the business are known as external factors or influences. These will affect the main internal functions of the business and possibly the objectives of the business and its strategies.

Main Factors

The main factor that affects most business is the degree of competition – how fiercely other businesses compete with the products that another business makes.

The other factors that can affect the business are:

- **Social** – how consumers, households and communities behave and their beliefs. For instance, changes in attitude towards health, or a greater number of pensioners in a population.
- **Legal** – the way in which legislation in society affects the business. E.g. changes in employment laws on working hours.
- **Economic** – how the economy affects a business in terms of taxation, government spending, general demand, interest rates, exchange rates and European and global economic factors.
- **Political** – how changes in government policy might affect the business e.g. a decision to subsidise building new houses in an area could be good for a local brick works.
- **Technological** – how the rapid pace of change in production processes and product innovation affect a business.
- **Ethical** – what is regarded as morally right or wrong for a business to do. For instance should it trade with countries which have a poor record on human rights.

Changing External Environment

Markets are changing all the time. It does depend on the type of product the business produces, however a business needs to react or lose customers.

Some of the main reasons why markets change rapidly:

- Customers develop new needs and wants.
- New competitors enter a market.
- New technologies mean that new products can be made.
- A world or countrywide event happens e.g. Gulf War or foot and mouth disease.
- Government introduces new legislation e.g. increases minimum wage.

Business and Competition

Though a business does not want competition from other businesses, inevitably most will face a degree of competition.

The amount and type of competition depends on the market the business operates in:

- **Many small rival businesses** – e.g. a shopping mall or city centre arcade – close rivalry.
- **A few large rival firms** – e.g. washing powder or Coke and Pepsi.
- **A rapidly changing market** – e.g. where the technology is being developed very quickly – the mobile phone market.

A business could react to an increase in competition (e.g. a launch of rival product) in the following ways:

- **Cut prices** (but can reduce profits)
- **Improve quality** (but increases costs)
- **Spend more on promotion** (e.g. do more advertising, increase brand loyalty; but costs money)
- **Cut costs**, e.g. use cheaper materials, make some workers redundant

Social Environment and Responsibility

Social change is when the people in the community adjust their attitudes to way they live. Businesses will need to adjust their products to meet these changes, e.g. taking sugar out of children's drinks, because parents feel their children are having too much sugar in their diets.

The business also needs to be aware of their social responsibilities. These are the way they act towards the different parts of society that they come into contact with.

Legislation covers a number of the areas of responsibility that a business has with its customers, employees and other businesses.

It is also important to consider the effects a business can have on the local community. These are known as the **social benefits** and **social costs.**

A social benefit is where a business action leads to benefits above and beyond the direct benefits to the business and/or customer. For example, the building of an attractive new factory provides employment opportunities to the local community.

A social cost is where the action has the reverse effect – there are costs imposed on the rest of society, for instance pollution.

These extra benefits and costs are distinguished from the private benefits and costs directly attributable to the business. These extra cost and benefits are known as externalities – external costs and benefits.

Governments encourage social benefits through the use of subsidies and grants (e.g. regional assistance for undeveloped areas). They also discourage social costs with fines, taxes and legislation.

Pressure groups will also discourage social costs.

2.2 Identifying Business Opportunities and Threats

The business world today is a fast-moving one, and the pace of change can at times seem bewildering. The environment in which your business operates is changing all the time, and there are many different factors that influence it. There are continual changes in your market, your customers' needs and preferences, the technology you use, your sales channels, and the way you can deliver your products or services. These changes can bring threats to your business, but they will also, undoubtedly, bring opportunities. It's important that you regularly take a step back and try to analyze the way in which your business currently operates. Think about the factors that may promote change. Try to identify threats, and make sure you are prepared for them. It is also important, however, that you spot the many opportunities that arise.

With so many business opportunities available, it is often difficult to determine whether a particular opportunity shows great promise or is likely to fail. Your goal is to learn how to tell a good opportunity from a bad one. Here are some tips that will help you assess the potential of any business opportunity that comes your way and make the right decision.

One of the first factors to consider is the stability of the company associated with the opportunity. In the case of a new business that does not yet have a proven track record, you want to know who is behind the launch or who is supplying this company with operating capital until the business begins to generate profits. Essentially, you want some amount of assurance that the company will be around long enough for you to benefit from a relationship with the opportunity, especially in terms of recouping any investment of time or other resources.

Keep in mind that a new business or a plan to start a business may be riskier than going with a company with an established track record. However, business opportunities of this kind are not automatically suspect. If the funding is there and the organization is structured properly, the opportunity is well worth your consideration.

Assessing the good or service offered by the business is also important. The best business opportunities involve companies that offer something consumers will need or desire over all other competing products. It is not a problem if the product is aimed at a niche market. Business opportunities of this type are often great moneymakers, since they address needs that are often overlooked by others. In addition, the competition is probably less fierce in a niche market, a situation that will allow the company you are evaluating to establish itself as the industry standard in that market.

Along with having a solid financial base and a product that is sure to attract attention, the best business opportunities also have a comprehensive and well defined system for getting the products to consumers. This includes such factors as a reliable process for producing the good or service, excellent sales and marketing strategies, and an efficient delivery to the buyer. Without the ability to satisfy orders quickly and efficiently, even the best product is less likely to build a loyal client base.

The return you will receive is also very important when considering different business opportunities. Will you earn an equitable return in comparison to what you invest in the business in terms of time and other resources? If so, then there is a good chance the opportunity is worth pursuing. If you are not sure, keep looking for something better.

You will find that in today's market, it is worth your time to consider a home-based business as well as a more traditional business setting. Business opportunities of this type often start with business ideas that are new and fresh in terms of approach or some aspect of the products offered. If you see merit in a given business idea and think it has a good chance of succeeding, then look it over carefully. That home based business may be the ideal investment vehicle for you.

3.0 Module 3: Creativity and Intellectual Rights

3.1 Intellectual Property and its Dimensions

Intellectual property is a valuable asset for an entrepreneur. It consists of certain intellectual creations by entrepreneurs or their staffs that have commercial value and are given legal property rights. Examples of such creations are a new product and its name, a new method, a new process, a new promotional scheme, and a new design. A fence or a lock cannot protect these intangible assets. Instead, patents, copyrights, and trademarks are used to prevent competitors from benefiting from an individual's or firm's ideas.

Protecting intellectual property is a practical business decision. The time and money invested in perfecting an idea might be wasted if others could copy it. Competitors could charge a lower price because they did not incur the startup costs. The purpose of intellectual property law is to encourage innovation by giving creators time to profit from their new ideas and to recover development costs.

Intellectual property rights can be bought, sold, licensed, or given away freely. Some businesses have made millions of dollars by licensing or selling their patents or trademarks.

Every entrepreneur should be aware of intellectual property rights in order to protect these assets in a world of global markets. An intellectual property lawyer can provide information and advice.

The main forms of intellectual property rights are:

Patents: • A patent grants an inventor the right to exclude others from making, using, offering for sale, or selling an invention for a fixed period of time - in most countries, for up to 20 years. When the time period ends, the patent goes into the public domain and anyone may use it.

Copyright: • Copyrights protect original creative works of authors, composers, and others. In general, a copyright does not protect the idea itself, but only the form in which it appears - from sound recordings to books, computer programs, or architecture. The owner of copyrighted material has the exclusive right to reproduce the work, prepare derivative works, distribute copies of the work, or perform or display the work publicly.

Trade Secrets: • Trade secrets consist of knowledge that is kept secret in order to gain an advantage in business. "Customer lists, sources of supply of scarce materials, or sources of supply with faster delivery or lower prices may be trade secrets," explains Joseph S. Iandiorio, the founding partner of Iandiorio and Teska, an intellectual property law firm. "Certainly, secret processes, formulas, techniques, manufacturing know-how, advertising schemes, marketing programs, and business plans are all protectable."

Trade secrets are usually protected by contracts and non-disclosure agreements. No other legal form of protection exists. The most famous trade secret is the formula for Coca-Cola, which is more than 100 years old.
Trade secrets are valid only if the information has not been revealed. There is no protection against discovery by fair means such as accidental disclosure, reverse engineering, or independent invention.

Trademarks: A trademark protects a symbol, word, or design, used individually or in combination, to indicate the source of goods and to distinguish them from goods produced by others. For example, Apple Computer uses a picture of an apple with a bite out of it and the symbol (®) which means registered trademark. A service mark similarly identifies the source of a service. Trademarks and service marks give a business the right to prevent others from using a confusingly similar mark.

In most countries, trademarks must be registered to be enforceable and renewed to remain in force. However, they can be renewed endlessly. Consumers use marks to find a specific firm's goods that they see as particularly desirable — for example, Barbie dolls or Toyota automobiles. Unlike copyrights or patents, which expire, many business's trademarks become more valuable over time.

3.2 Copyright Laws in Nigeria

A copyright is a legal device that gives the creator of a literary, artistic, musical, or other creative work the sole right to publish and sell that work. Copyright owners have the right to control the reproduction of their work, including the right to receive payment for that reproduction. An author may grant or sell those rights to others, including publishers or recording companies. Violation of a copyright is called infringement.

Copyright is distinct from other forms of creator protection such as Patents, which give inventors exclusive rights over use of their inventions, and Trademarks, which are legally protected words or symbols or certain other distinguishing features that represent products or services. Similarly, whereas a patent protects the application of an idea, and a trademark protects a device that indicates the provider of particular services or goods, copyright protects the expression of an idea. Whereas the operative notion in patents is novelty, so that a patent represents some invention that is new and has never been made before, the basic concept behind copyright is originality, so that a copyright represents something that has originated from a particular author and not from another. Copyrights, patents, and trademarks are all examples of what is known in the law as Intellectual Property.

As the media on which artistic and intellectual works are recorded have changed with time, copyright protection has been extended from the printing of text to many other means of recording original expressions. Besides books, stories, periodicals, poems, and other printed literary works, copyright may protect computer programs; musical compositions; song lyrics; dramas; dramatico-musical compositions; pictorial, graphic, and sculptural works; architectural works; written directions for pantomimes and choreographic works; motion pictures and other audiovisual works; and sound recordings.

Enforcing copyrights law in Nigeria

Although Nigeria has what may be considered a good copyright law and although the Nigerian Copyright Commission takes its mandate seriously and has launched many commendable programme but enforcement of existing legislation remains a major problem.

There are several laws governing intellectual property protection in Nigeria. The country has also ratified several copyright treaties, this is governed by Copyright Act No. 47 of 1988 (codified as Chapter 68, Laws of the Federation of Nigeria, 1990) as amended.

Although, the Copyright Act has been amended twice by the Copyright (Amendment) Decree No. 98 of 1992 and Copyright (Amendment) Decree No. 42 of 1999. The Copyright Act is in four parts and 41 sections. Part I addresses issues such as eligibility for copyright protection, duration of copyrights, civil and criminal penalties for copyright infringement, and ownership of copyright.

Part II addresses neighbouring rights; Part III focuses on the administration of copyrights and addresses issues such as the establishment of the Nigerian Copyright Council and the appointment of the Director and other staff of the Council. Finally, Part IV covers miscellaneous topics including reciprocal extension of protection, presumptions and interpretations. Nigeria has also ratified several treaties relating to the protection of intellectual property.

Among these treaties are: the Paris Convention for the Protection of Industrial Property (ratified September 1963), the Berne Convention for the Protection of Literary and Artistic Works (ratified September 1963), the Rome Convention (Performers, Producers of Phonograms and Broadcasting Organizations) (ratified October 1993), the Patent Law Treaty (ratified April 2005), and the Patent Cooperation Treaty (ratified May 2005). Nigeria has also assumed additional responsibilities by virtue of its membership in the World Intellectual Property Organization (May 1993) and the World Trade Organization (January 1995).

Professor Uche Ewelukwa Ofodile of the University of Arkansas School of Law, United States has identified six factors that militate against effective copyright protection in Nigeria.

The first factor is lack of popular support or public consultation. The Nigerian Copyright Act was adopted in 1988 at the height of military rule in Nigeria without any debate or discussion. Essentially, the Copyright Act, the primary legislative tool for copyright protection in Nigeria today, was adopted without broad-based public discussion on the necessity for copyright protection or the scope of protection that was desirable contrary to paragraph 9 of the Adelphi Charter on Creativity, Innovation and Intellectual Property which states that in making decisions about intellectual property laws, "there should be wide public consultation."

Inadequate cost-benefit analysis is the second factor identified as militating against copyrights law. An effective intellectual property regime must strike an appropriate balance between the monopoly powers of creators and the interest of the consuming public. In developed countries, the adoption of intellectual property laws is usually preceded by a detailed analysis of the cost and benefits of protection. Indeed, paragraph 2 of the Adelphi Charter states that "the public interest requires a balance between the public domain and private rights. It also requires a balance between the free competition that is essential for economic vitality and the monopoly rights granted by intellectual property laws." Sadly, laws in Nigeria are frequently passed without serious attention to the direct and indirect cost of a proposed legislation. There is need for serious economic assessment of the costs and benefits of copyright protection in Nigeria.

The third factor is lack of public awareness. There is little public awareness or understanding of the intellectual property laws in the country. Existing laws are not readily accessible even to the educated class. The average man on the street is also ignorant of touted benefits of intellectual property protection. The Nigerian copyright commission admits that lack of awareness about the laws and administration of copyright constitutes "a major inhibition to the development of a sound copyright system in Nigeria." Meaningful public education at the grassroots level must form a critical component of intellectual property enforcement in Nigeria.

Another factor is lack of inclusion of the course in the law school curriculum. Structured legal education on intellectual property law must also be part of the equation. How many universities offer courses on intellectual property law? Very few. How many university libraries are equipped with basic books relating to intellectual property? Also very few. Presently, very few lawyers in Nigeria have expertise in the field and only a handful of universities in the country offer courses in this area. One solution could be for the Nigerian government to tap into the expertise of Nigerians in the Diaspora. There are many Nigerians abroad with expertise in intellectual property law who are willing to return to Nigeria to help strengthen the course offerings of law faculties in the country for little or no compensation.

The fifth factor is corruption and weak custom enforcement. Attention must also be paid to the effect of corruption on intellectual property enforcement in Nigeria. Responsible agencies are rarely, if ever, audited or probed. There is need for accountability on the part of agencies challenged with the task of enforcing the country's intellectual property laws. For example, Nigerian ports are the principal gateways through which pirated imports come into the country and pirated exports leave. What has been the record of the Nigerian Custom Services in terms of interdiction? How does bribery and corruption undermine the enforcement capacity of the Nigerian Custom Service or the police?

The last factor identified by Professor Ofodile is delays in the judicial enforcement. Delays in the judicial system and other barriers to justice also discourage intellectual property litigation and enforcement in Nigeria. Because intellectual property law is not taught in many universities in Nigeria, few judges in the country have knowledge about this area of law. The libraries of most courts in Nigeria are grossly inadequate too.

To effectively protect creative works generated by the entertainment industry, the government must address the widely held belief that intellectual property protection is a Western concept irrelevant in Africa. Debate about whether and to what extent Nigerian artists and musicians deserve copyright protection must be divorced from the broader debate about the merits and demerits of global strengthening of IP rights. The government must also seriously address the numerous factors that undermine effective enforcement of laws in the country including corruption, lack of coordination among the responsible agencies, lack of accountability, and lack of resources. However, for enforcement to make sense and be effective, the underlying law must be appropriate, balanced, understood by the general public, and a product of broad-based debate and participation.

Nigeria can be a better a place only and only if the authorities concerned could take responsibility as to effectively enforce the already existing laws. When this is done, the country will be a safe haven for people who have been endowed with high intellect to display their wisdom in moving the country forward.

3.3 Strategies for Protection of Intellectual Property (original ideas, concepts, products etc.)

Once you have identified your intellectual property you should develop strategies to protect your rights so that you don't put your business at risk. Imagine if your competition discovered your secret and started replicating it, or you told someone your idea and then discovered too late that you had lost the legal right to make it exclusively yours. The key is not to talk about your idea or make your IP public knowledge before you've had a chance to protect it. Intellectual property (IP) can be bought, owned, sold, licensed out or bequeathed in much the same way as a building or a block of land. IP can be so valuable that many businesses list it among their assets on their balance sheet.

It's important to develop effective strategies to protect you IP within your business, not only to protect valuable assets but also to safeguard the products, processes and creative inputs from which the profits of the business emanate.

Step 1: Register your IP

The first step of any protection strategy is to register your IP.

There are seven types of IP protection available to you: patents; trademarks; plant breeders' rights; registered designs; copyright; circuit layout rights; and confidentiality/trade secrets.

Different IP rights vary in the protection they provide and in many cases more than one type may be necessary to fully protect your creation. You can patent your IP through a patent attorney and/or an intellectual property lawyer, either of whom will take your current model and appropriately describe it in minute detail to distinguish it from any other similar products.

Step 2: Act to keep it secret and demonstrate ownership

The second step in a protection strategy is to take the necessary actions to keep your idea a secret and demonstrate your ownership of the idea. Consider some of the following steps to protect your idea:

Keep your idea a secret

Contact only those people who can assist you with planning your product development. Before you discuss your idea with anyone make sure you have a signed confidentiality agreement or a non-disclosure agreement in place, which describes the object/idea along with details about yourself and the person to whom you will disclose these details. The agreement must be signed in your presence and preferably witnessed - and more importantly - it must be dated to establish the time, date and place of disclosure.

Demonstrate that the idea is yours

Write down in detail what your idea is; what it does and how it works. Draw a detailed picture of the object or take a photograph of the prototype. Make copies and put the original documents in a sealed, self addressed envelope and mail the envelope by registered mail. When you receive the envelope DO NOT open it. Put it in a safe place. This establishes evidence of the time date and place of original thought.

Make sure you're not infringing anyone else's IP

Search the IP Nigerian website to find out if there are products of the same type and application as yours. This will save you time and money in your application for IP protection. Many types of protection aren't available if your idea is similar to one that is already covered by a patent, trade mark or the like.

4.0 Module 4: Technological Entrepreneurship

4.1 The interface between Technology Development and Entrepreneurship

The word technology is not a new one. In fact, the root of the word means to shift or to change, and was used originally in relation to changing nature. As Bacon, Locke, and Descartes recognized, this idea of man changing nature, rather than being controlled by it was essential to the emergence of the autonomous self, and eventually to the very notion of the entrepreneur. Thus, technology and entrepreneurship are tightly related.

Today we think of technology as being about electronics (computers, software, web applications, etc.), but that smart entrepreneurs still view technology—in whatever form—as a means to an end, and not an end of itself.

Jim Collins, in his book, Good to Great, sums this up when he says, "Technology is an accelerator." Embedded in this simple statement is a lot of wisdom. First, while Collins confirms that technology is indeed an accelerator, he doesn't qualify the statement in terms of exactly where or what technology is accelerating. In other words, technology can accelerate both good and bad ideas, and it can accelerate these ideas towards success or failure. Think of technology as some sort of widget that sits in between ideas and the future. Whether entrepreneurs put good ideas (that is, ideas that are strategic and aligned with their core principles) or bad ideas (random acts of improvement) into the technological accelerator will determine whether or not you speed towards success or failure.

Successful entrepreneurs—those who have a clear concept of what they are trying to accomplish—leverage technology in order to help them achieve their goals more quickly. In order to ascertain which technology will align with their goals, entrepreneurs must have a very open and inquisitive bias towards technology.

What entrepreneurs do not do is bury their heads in the sand. If you desire to become an entrepreneur, and you're one of those people that says things like, "I don't do e-mail," or "I can't even program my VCR," then you must stop. Technology today is not what it was even sum years ago. With the advances made in programming and user interface (UI) design, today's technology is very, very user friendly. The fact of the matter is, if it's not user friendly it would not stay around too long, because a competitor will come along and make it user friendly.

Today, we cannot think of any company where technology (either in the form of an Internet presence or just general communication) is not crucial, entrepreneurs must have the knowledge and the ability to use technology. This mean that an entrepreneur must understand the language and the trends of technology.

To use an analogy, think of the musician who, while not an engineer, is fluent with the tools of the recording studio. She can easily and effectively communicate with the engineer and producer in order to get the sound she hears in her head on to the tape (or hard drive). It's the same thing with technology .As an entrepreneur you will need to make manifest your vision in any number of ways, being able to efficiently convey your goals to those who will help you realize them is really the only way to go.

Throughout, it is essential that you make sure that whatever technology you embrace has a deep and direct connection to your overall business plan.

4.2 Technological Environment and Business

Technology can be defined as the method or technique for converting inputs to outputs in accomplishing a specific task. Thus, the terms 'method' and 'technique' refer not only to the knowledge but also to the skills and the means for accomplishing a task. Technological innovation, then, refers to the increase in knowledge, the improvement in skills, or the discovery of a new or improved means that extends people's ability to achieve a given task.

> *High technology has become like a force of nature. It transforms the economy, schools, consumer habits, the very character of modern life. Investors pour money into it; parents urge their children to study it; communities vie to attract its factories; decorators adopt it as a style; politicians push it as a panacea.*
>
> *(Source : Science Digest Magazine)*

Technology can be classified in several ways. For example, blueprints, machinery, equipment and other capital goods are sometimes referred to as hard technology while soft technology includes management know-how, finance, marketing and administrative techniques. When a relatively primitive technology is used in the production process, the technology is usually referred to as labour-intensive. A highly advanced technology, on the other hand, is generally termed capital-intensive.

Changes in the technological environment have had some of the most dramatic effects on business. A company may be thoroughly committed to a particular type of technology, and may have made major investments in equipment and training only to see a new, more innovative and cost-effective technology emerge.

Indeed, the managing director of multinational organisation manufacturing heavy machinery once said that the hardest part of his job had nothing to do with unions, pay or products, but with whether or not to spend money on the latest technologically improved equipment.

Computer technology has had an enormous impact on education and health care, to name but two areas affected. The advancements in medical technology, for example, have contributed to longevity in many societies. In addition, the introduction of robots in many factories has reduced the need for labour, and the use of VCR's and microcomputers has become commonplace in many homes and businesses.

Unfortunately, there is a negative side to technological progress. The introduction of nuclear weapons, for example, has made the destruction of the human race a frightening possibility. In addition, factories using modern technologies have polluted both air and water and contributed to various environmental and health-related problems.

Technology is a critical factor in economic development. Because of the advances of international communication, the increasing economic interdependence of nations, and the serious scarcity of vital natural resources, the transfer of technology has become an important preoccupation of both industrialised and developing countries. For many industrialised countries, the changes in the technological environment over the last 30 years have been immense particularly in such areas as chemicals, drugs, and electronics. It is vital that organisations stay abreast of these changes - not only because this will allow them to incorporate new and innovative designs into their products, but also because it will give them a firmer base from which to anticipate and counteract competition from other organisations.

When the Gillette company developed a superior stainless steel razor blade, it feared that such a superior product might mean fewer replacements and sales. Thus, the company decided not to market it. Instead, Gillette sold the technology to Wilkinson, a British garden tool manufacturer, thinking that Wilkinson would use the technology only in the production of garden tools. When Wilkinson Sword Blades were introduced and sold quickly, Gillette understood the magnitude of its mistake.

The transfer of technology is essential for attaining a high level of industrial capability and competitiveness. Multinational corporations are playing an increasingly important role in technology transfer because they invest abroad to expand production, marketing and research activities. There is also a growing consciousness amongst governments of the need to increase technology transfer to the developing countries to help stabilise their economic and social conditions.

In spite of the many differences in social, political, cultural, geographic and economic conditions, there are some common characteristics in the technological environments of developing countries. The most common technology transfer from industrialised to developing countries has been in agriculture and health care. As a result of improved health care systems, infant mortality rates have been cut while the incidence of once common diseases such as malaria and typhoid has been reduced in Latin America, south-east Asia and Africa (although the incidents of the AIDS virus has increased alarmingly). Similarly, agricultural technology has increased agricultural productivity in Brazil, India and elsewhere. However, in most developing countries, technology has made little impact on the productive systems, income distribution and living conditions of the majority of the population.

5.0 Module 5: Management of Innovation

5.1 Innovation and Entrepreneurship

An innovation is gainful modification to the product or process. An existing product can be made better by adding more features modifying design to make it safer or more users friendly. Or the method may be modified to produce it in more cost effective way. Sometimes the raw materials are substituted to bring down the cost. All these are examples of innovation. In short Innovation is achieved by Value Analysis/Value Engineering. It's never easy to compete against old players in any walk of life. New entrant faces considerable odds in the beginning and only this battle. Innovation is the best ally of an entrepreneur in this battle. It helps him to gain competitive advantage in his business either due to cost advantage or due to differentiation of product. Innovations in marketing and distribution help him gain the market share quickly.

Innovation is needed by the entrepreneur for following reasons –

1. To face competition.
2. To stand out in the clutter.
3. To survive recession
4. To solve certain problems.

Installing Attitude for innovation

1. Encourage creative conflict
2. Big ideas from small teams
3. Learning happens from the desk
4. Understand the product users
5. Live in the future
6. Failure sometime produces innovation
7. Joint prototyping to brain storming for fast track innovation

Different Sources of Innovation –

1. Unexpected occurrences
2. Process needs
3. Incongruities
4. Industry & market changes

5.2 Entry Strategies for New Ventures

It is easy to be captivated by the promise of entrepreneurship and the lure of becoming one's own boss. It can be difficult, however, for a prospective entrepreneur to determine what product or service to provide. Many factors need to be considered, including: an idea's market potential, the competition, financial resources, and one's skills and interests. Then it is important to ask: Why would a consumer choose to buy goods or services from this new firm?

One important factor is the uniqueness of the idea. By making a venture stand out from its competitors, uniqueness can help facilitate the entry of a new product or service into the market.

It is best to avoid an entry strategy based on low cost alone. New ventures tend to be small. Large firms usually have the advantage of lowering costs by producing large quantities.

Successful entrepreneurs often distinguish their ventures through differentiation, niche specification, and innovation.

- Differentiation is an attempt to separate the new company's product or service from that of its competitors. When differentiation is successful, the new product or service is relatively less sensitive to price fluctuations because customers value the quality that makes the product unique.

  A product can be functionally similar to its competitors' product but have features that improve its operation, for example. It may be smaller, lighter, easier to use or install, etc. In 1982, Compaq Computer began competing with Apple and IBM. Its first product was a single-unit personal computer with a handle. The concept of a portable computer was new and extremely successful.

- Niche specification is an attempt to provide aproduct or service that fulfills the needs of a specific subset of consumers. By focusing on a fairly narrow market sector, a new venture may satisfy customer needs better than larger competitors can.

  Changes in population characteristics may create opportunities to serve niche markets. One growing market segment in developed countries comprises people over 65 years old. Other niches include groups defined by interests or lifestyle, such as fitness enthusiasts, adventure-travel buffs, and working parents. In fact, some entrepreneurs specialize in making "homemade" dinners for working parents to heat and serve.

- Innovation is perhaps the defining characteristic of entrepreneurship. Visionary business expert Peter F. Drucker explained innovation as "change that creates a new dimension of performance." There are two main types of product innovation. Pioneering or radical innovation embodies a technological breakthrough or new-to-the-world product. Incremental innovations are modifications of existing products.

> But innovation occurs in all aspects of businesses, from manufacturing processes to pricing policy. Tom Monaghan's decision in the late 1960s to create Domino's Pizza based on home delivery and Jeff Bezos' decision in 1995 to launch Amazon.com as a totally online bookstore are examples of innovative distribution strategies that revolutionized the marketplace.

Entrepreneurs in less-developed countries often innovate by imitating and adapting products created in developed countries. Drucker called this process "creative imitation." Creative imitation takes place whenever the imitators understand how an innovation can be applied, used, or sold in their particular market better than the original creators do.

Innovation, differentiation, and/or market specification are effective strategies to help a new venture to attract customers and start making sales.

6.0 Module 6: Women Entrepreneurship

6.1 The Concept of Women Entrepreneurship

A female entrepreneur is a woman who has created a business in which she has the majority shareholding and who takes active interest in decision-making, risk-taking and day-to-day management. The contribution of women entrepreneurs to economic activity and employment has increased over time. Women entrepreneurs and their businesses are a rapidly growing segment of the business population. Women entrepreneurs are prominent not only in industries where they were traditionally active, but also in less traditional sectors (e.g. manufacturing, construction, and transportation). Women entrepreneurs have created a variety of new ventures and contributed to the development of a range of services and products.

Research has shown that the percentage of female entrepreneurs worldwide still remains low in relation to that of male entrepreneurs and to the percentage of women in the population. The creative and entrepreneurial potential of women is a latent source of economic growth and is a veritable weapon for the creation of new jobs and should be encouraged.

Research has shown as well that women face a number of difficulties in establishing and maintaining businesses. Although most of these difficulties are common to both genders, in many cases they tend to be more significant for female entrepreneurs. This is due to factors such as a poor business environment, the choice of business types and sectors, information gaps, lack of contacts and access to networking, gender discrimination and stereotypes, weak and inflexible supply of childcare facilities, difficulties in reconciling business and family obligations, as well as differences in the way women and men approach entrepreneurship.

Increasing the rate of new business creation by women is essential to stimulate innovation and employment in our economies.

Measures Promoting Female Entrepreneurship

Specific actions or measures promoting female entrepreneurship have already been established in several countries. These include support measures in the following seven areas; captured as FINANCE: (1) Funding, (2) Information, (3) Networking, (4) Advice and consultancy mentoring, (5) New Techniques and training, (6) Commencement support, and (7) Encouragement and mentoring.

Other measures include:

1. Supporting women on their way to self-employment according to their specific demands and to enable experience exchange and business contacts.
2. Creating optimal conditions for women to do a successful entrepreneurial job; women who want to create a business should be coached and supported in the relevant fields.
3. Representing the interests of female entrepreneurs and influence the policy of the government through this co-operation of female entrepreneurs.
4. Enabling women with different personal background to achieve self-employment and to support self-employed women (high relevance to labour market policy).
5. Strengthening the economic potential of women and to support female entrepreneurship by offering an optimal infrastructure for start-ups.
6. Strengthening the personality of the female entrepreneurs, to procure the entrepreneurial know-how and to help women to manage their problems and difficulties as entrepreneurs.
7. Fostering equality on the labour market and to increase the employment rate and the start-up rate of female entrepreneurs.
8. Building an optimal environment for female entrepreneurs by providing them with various professional services that range from advice, lobbying, funding to contacts and enterprise presentations.

9. Increasing the knowledge on female entrepreneurship in order to open up the business creation process to all by providing necessary resources.

10. Obtaining statistical information (e.g. number of enterprises, turnover, and sectors of activity) on enterprises run by women in order to gain more knowledge on female entrepreneurship.

Good practices for Women Entrepreneurship

The following measures are suggested:

1. Measures should be designed for both, groups and individuals.

2. Measures supporting enterprise start-ups should focus on sectors that can provide women with an adequate income.

3. Measures increasing the self-confidence of women and the belief in their own abilities as entrepreneurs are important.

4. Not only women, but also girls should be targeted at by support measures in order to encourage them to become entrepreneurs.

5. The facilitation of access to credit should be a key element in business support.

Recommendations with Respect to Women Entrepreneurs

On the basis of research findings, the following recommendations have been reported in encouraging women entrepreneurship:

1. Seek to raise awareness of women's issues by mainstream support agencies.

- Promoting the message to business support providers that raising female participation rates is an important part of a strategy for raising the level of entrepreneurship in society.
- Support should be given to organizations that wish to improve their understanding of the needs of women entrepreneurs, through activities such as exchange visits, training programmes and seminars.
- Ensuring that all literature and other material produced regarding enterprise issues recognizes the fact that women are a substantial and growing component of the entrepreneur community. This should pay particular attention to the language used in promotional material aimed at people interested in starting a business.
- Providing continuing support for nation-wide information and lobbying bodies.

- Supporting the development of a website for women entrepreneurs, providing information about specific support that is available, a data base of businesses interested in co-operation, and a discussion forum to exchange views and information between women entrepreneurs.
- Stressing the need for mainstream business support organizations to continually review their provision to ensure that it both reflects women's experiences and does not deter women from seeking support for business start-up.
- Take steps to ensure that organizations providing advisory services to businesses become more aware of the special needs of women entrepreneurs.

2. Take steps to increase the availability of finance.

- Strong and effective lobbying of financial institutions to counter actual, perceived or unintended discrimination against women entrepreneurs.
- Should reduce the need for financial support aimed specifically at women entrepreneurs. The alleged practice of some banks in requesting a partner's countersignature on a loan application is an example of one possible target for this action.
- Offering targeted financial support aimed at female entrepreneurs, as part of a strategy for raising the overall level of entrepreneurship. Support for local schemes, such as credit unions and mutual guarantee schemes involving women entrepreneurs, would be valuable. Micro-credit programmes are beneficial not just for the cash they offer, but also for the peer support and mentoring arrangements.

3. Continue selective support for female specific programmes.

- Female specific training and support is not required in all areas of business. It is most applicable at the start-up stage and with reference to particular areas such as motivation, confidence skills and capitalization issues. Once women are 'in the system', they can participate in more mainstream provision.
- Female specific training is particularly important in learning new skills, such as technology.
- Priority support for mentor programmes for women entrepreneurs (particularly those wanting to develop their businesses), using successful women entrepreneurs as mentors where possible.

4. Take active steps to encourage equal opportunities monitoring by general business support organizations.

- A demonstration of effective monitoring of equal opportunity of access should be a condition of any support offered by the Commission to mainstream business support organizations and other agencies. This would help to ensure equitable practice and also protect these organizations against inaccurate accusations.

- Role of Orientation and Women Entrepreneurial Aspirations
- Contributions of Women to National Socio-economic and Human Development
- Barriers to Women Entrepreneurial Practice.

7.0 Module 7: Social Entrepreneurship

7.1 The Concept of Social Entrepreneurship

Social entrepreneurship at its essence is a process by which individuals "build or transform institutions to advance solutions to social problems". Social entrepreneurs are the idea champions: people who advance change, working within, between and beyond established organizations. The social entrepreneur also helps others discover their own power to change by helping them envision a new possibility and recognize how it can be broken down into doable steps that build momentum for change.

Qualities of a Social Entrepreneur

Social entrepreneurship is a process – involving a long-term commitment and continual set-backs. For this reason, social entrepreneurs share certain qualities, including the ability to overcome apathy, habit, incomprehension, and disbelief while facing heated resistance; the ability to shift behavior, mobilize political will, and continually improve their ideas; the ability to listen, recruit and persuade; among those they work with, they encourage a sense of accountability, and a sense of ownership for the change. Social entrepreneurs are also comfortable with uncertainty and have a high need for autonomy. Since social entrepreneurs will face adversity along the way, another important quality is the capacity to derive joy and celebrate small successes. Successful social entrepreneurship involves well established behaviors which can be acquired. While some people appear to be born with more entrepreneurial inclination than others, most people can learn to behave like entrepreneurs.

Historical Perspective on Social Entrepreneurship

Social entrepreneurship has always existed, though it has not been recognized as such. Historical figures such as St. Francis or Gandhi advanced important social changes through work that is analogous to what social entrepreneurs today are doing. Social entrepreneurship as a movement developed in response to major global forces that have shifted the patterns of life around the world, creating more opportunities for people to cause change. America experienced many of these changes over a century ago: the emergence of the private sector, rapid developments in industry, urbanization, and the rise of new wealth up to the early 1900s created new social problems, and Americans responded with programs and organizations to address these needs. Examples include Hull House, Boy Scouts and the Salvation Army.

Social entrepreneurship today is a response by the global citizenry to changes that have happened, and are happening, on a global scale. Large-scale changes over the past half-century, such as the collapse of authoritarian and communist regimes, resulted in newfound freedoms for many across the globe. These freedoms have led to greater wealth, longer life spans and better communications around the world, but they have also created new problems. For example, mass rural-to-urban migration has in some countries resulted in mega towns that are violent and unhealthy; or, people who have been involuntarily dispersed by change struggle to pick up their lives again and suffer in poverty.

Social Movements

At the same time, however, hundreds of movements and millions of organizations aimed at addressing these myriad problems have also emerged, and social entrepreneurship as a movement has grown. The pace of change continues to accelerate, and as it does, the pace of adaptive systems must keep up. Solutions must be decentralized and integrated and deployed in real time. Social entrepreneurship is the intersection of the worlds complex problems, the recognition that new kinds of organizations and models are required to address those problems, and the historic changes that have dramatically increased the capacity of individuals and modest-size groups to address those problems.

Pioneering Social Entrepreneurs

Two highly successful examples of pioneering organizations in the field are Grameen Bank and the Bangladesh Rural Advancement Committee (BRAC). Both organizations originated amidst disaster in Bangladesh: a cyclone and a civil war ravaged the country. Muhammad Yunus and Fazle H. Abed created and operated the Grameen Bank and BRAC, respectively, on the belief that their results would be stronger if they broke from the pattern of paternalistic aid and followed a new method based on trial and error and an emphasis on results. Yunus and Abed hired locals instead of foreigners, with hired staff through a competitive application process instead of doling out jobs to family and friends, they refused to sanction bribery, they focused on efficiency and results, they experimented continuously, and they viewed failures as opportunities. These tactics were a departure from the traditional methods of aid distribution and management. The Grameen Bank and BRAC also benefited from the long-term involvement of Yunus and Abed and tens of thousands of local staff members, whereas traditional donors often only stayed on projects for a few of years before rotating out of country. Both organizations saw results that were a world apart from anything the field of international development had yet seen. They proved that it was possible to mitigate poverty on a massive scale and helped shift the global development paradigm.

Differences and Similarities with Other Sectors

How do social entrepreneurial ventures compare to change agents in other sectors? While social and business entrepreneurs are similar in their skills and temperaments, they differ markedly in their primary objectives. For business entrepreneurs, the objective is usually to maximize profits or build a lasting, respected entity. For social entrepreneurs, the objective is to maximize some form of social impact, usually by addressing an urgent need that is being mishandled, over-looked, or ignored by other institutions.

Social entrepreneurship also differs markedly from government in many ways. Unlike governments, who work from the top down, social entrepreneurs address problems from the bottom up. The social entrepreneurs' efforts often begin with an interaction with a problem on the ground level, which leads to a question that eventually grows into an organization through trial and error. Governments often implement ideas before testing and adapting them as they go, and they often lack the nuanced understanding of ground-level details that is the key to success in social entrepreneurship. Additionally, governments are bound by protocol, rules and procedures; social entrepreneurs have far more flexibility. A social entrepreneur has the luxury of trying seemingly crazy ideas and getting rid of ideas that do not work, whereas a government gets bogged down in hashing out the details prior to implementation without the chance to learn from mistakes.

Similarly, social entrepreneurs can stay working on a problem until they solve it. Governments are under pressure for quick, tangible results. Government, however, benefits from its access to a wide array of resources and recognized legitimacy. To address social problems at the proper scale, we must combine the creativity and agility of social entrepreneurs with the resources and legitimacy of governments.

Social Activism

Activism is similar to social entrepreneurship, but can best be understood as a subset of social entrepreneurship. Activism is a tool that many social entrepreneurs use to further their cause. Activism typically works from the outside, attempting to influence the decision makers in government or large institutions. Social entrepreneurship utilizes outside- and inside-directed tactics, often working directly with institutions to enact change. Social entrepreneurs also often seek to create new institutions rather than change old ones. Activism is important because it helps elicit empathy by making injustice and suffering palpable. Social entrepreneurs can further their cause by utilizing techniques of activism for this purpose.

Social Entrepreneurs and Citizen Democracies

The work of social entrepreneurs strengthens established and emerging democracies. Democracy, like social entrepreneurship, is an iterative process. Citizens of democracies and social entrepreneurs build and continually adapt institutions designed to meet society's needs. In pre-democratic contexts, social entrepreneurs help citizens realize their ability to shape change, which reinforces their power as citizens. Democracies flourish when large numbers of citizens acquire the capacity to shape civic life. Social entrepreneurship is a process by which citizens organize to do just that. As the field social entrepreneurship continues to expand, it may help redefine the concept of citizenship, creating a world of citizens who are actively involved in creating and shaping their countries institutions.

Financing Social Ventures

Social entrepreneurs finance social organizations from a variety of sources. They often start with people close to them – family, friends, classmates and professional contacts. Social entrepreneurs also turn to corporations, public foundations, social venture competitions, impact investors and Web-based intermediaries. The Obama campaign proved that this approach can be highly effective. Fellowships and prize programs directed specifically at social entrepreneurs are another source of funding. Though the organizations are not numerous they comprise the current key pipelines of support and recognition.

Achieving Social and Financial Objectives

Social entrepreneurs are increasingly seeing strong results through complementary nonprofit, business, and hybrid enterprises. The term "blended value" refers to the commingling of social and financial objectives, and an increasing number of organizations are working in this gray area, using a combination of business methods and philanthropy. Social enterprise, a combination of business and philanthropy, is a promising strategy because it allows a social organization to benefit from the strategies of traditional business entrepreneurs. These developments bring challenges. As the line between sectors blurs, a new form of financing will be necessary. Blended value or impact investors, investors who cross the lines between philanthropy, business and the public sector, will be increasingly important.

Cultivating Talent

Another challenge social entrepreneurs' face is attracting talent. Social entrepreneurs must recruit talent without the ability to offer compensation that is comparable to business. Instead, social organizations rely on attracting people by promising meaningful work. The social sector also lacks a structured system to nurture talent; when combined with financial inhibitors, this makes retaining talent difficult. More people have chosen social organizations over other opportunities following the economic downturn, probably because comparable salaries in the private sector have dropped. Social entrepreneurs in the near future will have to determine the tipping point in compensation in order to redirect talent from other sectors.

Nurturing Innovations in Education

Fostering innovation will also require changes in education. The idea that everyone can be a change maker should be integrated starting in grade school so that children can become comfortable with the ideas and skills necessary to effect change early on. From childhood, it is important to nurture students�to willingness to try out new ideas. When children are encouraged to test out their own ideas in a safe and non-judgmental environment, they learn to value their own ideas, and valuing one's own ideas is crucial for a social entrepreneur. Schools should also encourage students to ask questions and take initiative. This is important because social entrepreneurs are action researchers, learning through experimentation. Additionally, schools could create programs that help children develop empathy. Emotional learning is just as important as cognitive learning, though schools focus almost entirely on the latter. Schools that have utilized emotional learning programs have shown that it is possible to teach children to develop empathy; developing empathy will help children understand how they fit into the larger world, helping them to understand others better and to build teams. Another option that targets the more practical skills of social entrepreneurs is to create programs that would expose students to problems and then help guide them through the process of constructing a solution. Finally, schools could do more to celebrate youth-initiated social problem solving. While youth-led social entrepreneurship is growing, it is mostly outside of the school system.

Universities Role in Moving the Field Forward

Universities also play an important role. Universities legitimize new field and careers, and thus have the potential to grow social entrepreneurship as a field. The first course in social entrepreneurship was initiated by Greg Dees in 1994 at Harvard University. Research in social entrepreneurship education by Debbi Brock and Ashokas Global Academy for Social Entrepreneurship documented over 350 professors in 35 countries teaching courses in social entrepreneurship. Other initiatives include fellowship programs at schools such as Harvard and New York University, social enterprise courses and social venture planning competitions at many leading business schools, and partnerships between universities and social organizations that allow students to interact with social entrepreneurs. One example is the Reynolds Program in Social Entrepreneurship at New York University. It is the first university-wide interdisciplinary fellowship program in the field, and is open to graduate and undergraduate students from every school and every discipline. Interdisciplinary programs are essential due to the interdisciplinary nature of social problems.

Partnerships and Support Organizations

The relationship between governments and social entrepreneurs can and should be changed in order to maximize efficiency and social impact. Social entrepreneurs and governments have suffered from a mutual lack of trust and respect. They face different pressures, have different needs and operate in different ways, and the tensions, lack of respect and weak relationships, have impeded necessary collaboration. Governments often utilize the pilot and scale method when inter-acting with social entrepreneurs. This entails identifying a promising innovation in the social sector and then supplanting the organization and taking the idea to scale within the government. However, for the same reason that governments do not launch and run businesses, governments should not try to run social enterprises when there are others in society who are better suited to the task. Growing a social enterprise takes as much or more entrepreneurialism as starting it does, and governments do not have a competitive advantage in this area.

Supporting and Collaborating with Governments to Serve the Social Sector

Where governments do have a competitive advantage is in determining priorities, ensuring fairness, and fashioning a framework of incentives and oversights. Governments should shift from the model of running programs and providing after-the-fact payments for services to a model of investing and overseeing long-term investment in social entrepreneurial organizations. Governments should think like a gardener rather than a builder – identifying promising seeds and rich soil (the social entrepreneurs and environments ripe for change), and fostering growth (through long-term investment). This does not mean abolishing government programs; rather, it means shifting toward harnessing the power of social entrepreneurs to achieve policy goals, as government does with business entrepreneurs. Governments will also need to overhaul the network of constraints holding social entrepreneurs back. Examples include: making it easier for citizens to receive tax benefits for contributions to social entrepreneurs; creating cross-sector fellowships to bring social entrepreneurs into government and place policy staffers in social organizations; and introducing innovation funds within all government agencies to encourage the development of a social capital market. One example of social entrepreneurs working effectively with government is America Forward. This coalition of more than 80 social entrepreneurs created a set of policy ideas that led the Obama administration to create the White House Office on Social Innovation and Civic Participation and to support an innovation fund, for which Congress appropriated $50 million in seed capital. The new office works to identify and scale high-performing social organizations, forge partnerships with business and philanthropy and support national service and other forms of citizen engagement. The fund is designed to leverage private investment to expand —ideas that work. —Intrapraneurs within the administration can build on these ideas and foster a policy environment more alert to the potential of social entrepreneurs.

Relationships with Private Sector

With regard to business, a great deal of innovation in the coming years will result from the intersection of the social and business sectors. Businesses are realizing they can benefit by working from and learning from social entrepreneurs for a variety of reasons. 1) Businesses realize that social organizations know how to operate in underdeveloped markets (internationally and domestically) – how to identify opportunities, develop products, manage staff, etc., in unfamiliar contexts. As businesses expand into the developing world and other underserved markets, organizations can learn from social entrepreneurs ‵experience. 2) Businesses are under increasing pressure by customers, employees and investors to be socially conscious. Businesses that are familiar with the landscape of social entrepreneurship will be better poised to succeed than competitors who are not aware of these social changes. 3) By partnering with social entrepreneurs, a business can target the Bottom of the Pyramid, the four billion people living on less than $2 per day, without having to establish new channels of business from scratch. The business in this situation will also benefit from the social entrepreneur's expertise in the field. As with governments, the benefits of combining are complimentarily. 4) Social entrepreneurs are reshaping the nature of corporate social responsibility. Social entrepreneurs are increasingly working directly with top executives instead of going through the corporate social responsibility or marketing departments. Corporate social responsibility is thus becoming a core management function as opposed to a component of PR. 5) Social entrepreneurs are influencing the regulatory and investment environments, holding businesses more accountable to their social and environmental performance. Oversight tools, such as Social Accountability Internationals SA8000, which certifies that companies maintain decent working conditions, will accelerate the growth of social enterprise.

The Role of Philanthropists in Fostering Social Entrepreneurship

We can reshape philanthropy's approach to more effectively foster social entrepreneurs. Philanthropists have the ability to make long-term investments, assume greater risk and support less popular ideas than businesses or governments. Philanthropy in the coming years will be particularly important: researchers estimate that inheritances will amount to tens of trillions of dollars in the coming decades. In the past, philanthropic investments were treated as charity and chosen in an often-capricious manner. The standard approach was to provide modest one-year grants restricted to specific use. The past decade has seen an important shift, characterized by increased involvement by the donor with the organization on the receiving end and a method of financing similar to that of venture capital. On a high level, philanthropy has shifted from palliative to curative. This shift has involved searching for innovative ideas, targeting high performance social entrepreneurs, providing longer term capital along with managerial assistance and rigorously tracking results. Also, many donors have adopted a venture capital approach, providing multiyear grants that are combined with direct engagement on the part of the donor, whether through management consulting, lobbying support, business plan development, or similar work. Joel L. Fleishman argues that "venture philanthropy" and social entrepreneurship will dominate philanthropy in the twenty-first century. The limitations to the venture capital model for social entrepreneurs are that it is not designed to support an enterprise forever. Options for long-term support are governments, generating revenue through social enterprise, or patient capital funds.

There are five proposed ways by which philanthropy could redeploy resources to harness social entrepreneurs more effectively.

1. Help social entrepreneurs engage more successfully with businesses and governments: Philanthropists are in a position to create a neutral space for generating ideas and to catalyze necessary exchanges between social entrepreneurs and policy makers and between social entrepreneurs and the business sector.

2. Fund structural supports for social entrepreneurs: Philanthropies have influence with universities and the education system generally that they could use to encourage education and research on social entrepreneurs. They could provide tuition support to attract students to study in the field. Philanthropic foundations could support the creation of new media platforms to encourage the sharing and exchange of knowledge. Foundations could also support programs for training baby boomers in social entrepreneurship to encourage this group to become change makers in their "encore careers." Finally, philanthropy could support the growth of advisory services that allow social investors to make well-informed investment decisions.

3. Stick with things that work and communicate clearly: Philanthropies should be clear when providing their reasons for ending a relationship with a recipient organization, and organizations should continue to do what they have been successful at.

4. Let more organizations die: More organizations open, but few close. This means that funding is continually spread thinner and thinner. Foundations could ensure that failure or mediocrity lead to reductions or withdrawal of funding.

5. Help social entrepreneurs work together: The field of philanthropy could encourage social entrepreneurs to join together in firms, where they share expertise, test ideas, launch ventures and provide consulting advice to larger clients. This creates a lower risk, more effective, and more supportive environment.

The Role of the Media

Journalism will play a key role in helping society become more innovative. The structure of news media is changing as traditional media sources have to adapt to a changing society, but the content of media has not kept up. News media drastically underreports stories of social innovation in favour of stories of conflict. Social entrepreneurs can help change this by legitimizing a category of news focused on solutions. The media has a vital role in making the work of social entrepreneurs visible, illustrating what the leaders in the industry are doing, just as the media already does with business and government.

Individuals Role in Supporting Social Entrepreneurship

The most valuable step an individual can take to prepare him/herself to participate in the field of social entrepreneurship is to deepen his or her self-knowledge. In order to be successful and make an impact, an individual must first understand what he/she cares about and has always cared about, what his/her strengths and weaknesses are, what his/her value set it, what environments he/she works best in, and what his/her motivations are. Without knowing these things about oneself, one may inadvertently add to the already ample store of negative leadership in the world. It is not necessary to study social entrepreneurship, but it is necessary to understand the workings of the system you want to change and the history of the problem with which you are concerned. This involves what may be a lengthy process of investigation and brainstorming. Most of all, you need to be prepared to listen and to face challenges.

8.0 Module 8: Business Opportunity Evaluation

8.1 Sources of Business Opportunities in Nigeria

A business is a concept, which could be contemplated anywhere. It takes someone with business insight to visualize the need to develop the concept into ideas, reduce them to business plan and nurtured to assume resemblances of economic activities supported with resources. At the simplest level, a business assessment plan is sometimes referred to as a feasibility study. It must be noted however, that a clear line of difference exists between a business plan and a concept. A concept broadly speaking, involves more than a plan, it is a general belief, an abstraction or a principle. For instance, it is a concept that every location in Nigeria has a business opportunity. This may not be the same as actually drawing up a plan to run a particular line of business. To this extent, a concept differs from a plan but suffice to say that both are in context the same.

A business plan is very important in any business proposal irrespective of the nature of business. Generally, however, below is the form most business plans or feasibility reports take:-

Feasibility report

Feasibility is a document that generally outlines the potency of a planned project commencing with a preamble; which states general information or company profile, the project itself, sponsorship and whether arrangements exist for technical assistance. Other information includes:

- Marketability and demand analysis.
- Technical feasibility in terms of skilled and adequate manpower, machinery, raw materials, equipment, etc.
- Production requirements, forecast production limit, factory layout.
- Financing plans, including loan, lease or hire purchase arrangement.
- Financial evaluation by way of investment appraisal methods.
- Financial projections and cash-flow, budget estimates for the duration of the project or for at least 12 months ahead.
- Environmental impact assessment.
- Details of the project implementation.

1. Sources of business information

The major source of business information is one's mindset or subconscious mind. A prominent pastor in Abuja once postulated that he never taught any follower how to pray because he knew that individual experiences would. This is, indeed, a pertinent lesson for aspiring entrepreneurs. Most people who have succeeded in business today did so for compelling reasons ranging from failure to gain a white collar job to not being satisfied with the one offered. Those who understand the business world do seek white collar job to raise capital in order to be on their own. In searching for such, they become dissatisfied with each succeeding job and keep moving, thereby, taking advantage of higher perks to accumulate their capital. Such persons are often referred to as high flyers.

Elueni (2000) postulated that wealth can be acquired through one's physical strength, sustained for a while through conceptual strength and made permanent through investment: in assets. In his opinion, ownership interest through shares is the most permanent and reliable form of assets, provided that: such companies truly have perpetual solvency.

Akingbola (2008) classifies players in the economy as salary earners, self-employed professionals and investors and further notes that investors control the economy, they have government ears and sympathy, they work less but have everything in their favour.

2. Environmental scanning

Environmental scanning involves a process of studying one's locality in order to gain insight with a view to identifying inherent opportunities. Each environment has its peculiarity permeated by challenges beneath which lay golden opportunities. An exploration of the environment would unravel tranches of the inherent gold. However, the process of unearthing this is quite onerous and challenging requiring the virtues of patience, perseverance, creativity and courage to access the hidden gold, while threats, fear and weaknesses constitute artificial barriers constraining the process. No wonder, management specialists advocate that entrepreneurs should overcome challenges by maximizing their strengths in order to counterbalance their weaknesses and threats. Akingbola (ante) states that getting rich is not taught in school rather, it is learnt why doing it on the streets, which he calls the University of Life. He lists the alumni of such university as Bill Gates (Microsoft), Ted Turner (CNN), Richard Branson (Virgin Air), Thomas Edison (Electric bulb), etc.

The Nigerian economy is full of opportunities as well as threats. The main threats are in the region of policy inconsistency, poor infrastructure, near absence of the rule of law, among others. However, her population; diverse culture and vast expanse of land are immeasurable opportunities that tend to outweigh the threats. This probably explains why in spite of the threats, businesses always thrive in Nigeria making it the second best opportune country on the continent after South Africa probably.

3. Interaction with people of similar ideas or experiences

This is a prelude to formation of a partnership based on mutual business interest. It is most common among people who suffer a common fate or undertake similar training. Such business synchronization more often than not yields synergic effect.

4. Extensive travels around the locality or beyond

Travelling, they say, is part of education and perhaps, experience as well. Both are wealth in a sense that they can each be translated into business ideas to earn some money. Our Ibo brothers from the eastern part of Nigeria are a good example here. The business ideas they import from different parts of the world has made them quite prosperous.

5. Seminars by business communities, government agencies or professional associations

Seminars are useful for business opportunities in that speakers at such occasions are carefully selected. They are usually people with proven knowledge on topics assigned to them. They are sometimes, government officials who are responsible for policy formulation. Their presence goes a long way in clarifying otherwise, thorny policy issues or proves an opportunity for them to avail the audience of some privileged information on government's strategic focus. The major drawback here is that the cost of attendance at such seminars is often quite exorbitant. A probable way round this is for the entrepreneur to ask after the papers, at post-event as they are likely cheaper.

6. Enquiries at specialized Government Agencies

The Small and medium enterprise development agency of Nigeria (SMEDAN), the Nigerian export processing commission (NEPC), the Nigerian import and export bank (NEXIM), the Nigerian export processing zone (EPZ), among others have desks for public enquiries. CBN for instance, has an extensive agricultural department known as development finance, which offices exist in virtually all the branches of the Bank. The department offers agricultural credit guarantee schemes, currently up to a limit of N 1 million for an individual or N 10 million for corporate farmers. The loans are sourced from conventional banks but guaranteed by the CBN. Interest cost on such loans can be drawn back to the extent of 40% after the applicant has fully repaid the underlying facility. The scheme is known as interest draw back (IDA), which was introduced by the CBN in 2003 with a capital base of about N2 billion. Such information could only be available if sought after at the relevant sources.

7. Examination of projects/dissertations of graduates of higher Institutions

This is one of the most original sources of business ideas. Business students are privileged to select topics in areas of familiarity for their projects. It is expected that the knowledge gained in such sector would serve as incentive to further stimulate interest and actions. A good project should therefore have a background information on the industry being considered. Business students, especially at the MBA level, who aspire to become astute entrepreneurs should plan their projects in a manner that would serve as precursor to business plans or feasibility reports. Fortunately, students' projects are available at libraries of polytechnics and universities.

We can recall the experience of Mr. Wale Adenuga, a famous television producer. Adenuga read Business Administration at the University of Lagos where he busied himself as the chief cartoonist of the campus publication between 1971 and 1974. On graduation, he started publishing Ikebe Super and Super Story magazine in 1976 and later added Binta magazine to the list of his publications. As time went on, public interest swapped to electronic media and Wale was responsive enough to move with time by changing from print media to television production. His Papa Ajasco attracted so much public appeal followed by Super Story.

It is desirable to state here that what informed Wale's brilliant career is the knowledge he had acquired as a hobby at the undergraduate studies in business administration.

8. Browsing internet with a view to studying experiences of other countries

Internet cafes exist to provide information on a wide array of issues including business activities. Some may be too advanced and outside the scope of our environment. However, most can be stream-lined to suit the immediate needs of our environment.

9. Tapping intelligence report from existing businesses

This can be done through the engagement of an employee of small scale businesses in a discussion bothering on the business policy of their respective companies.

10. Taking advantage of improved infrastructure

In the modern global village, access to business opportunities is no longer an exclusive right of the local authorities. The effect of globalization can as well create business opportunities.

An instance of this is seen in the case of Gboko, a traditional capital town of the Tivs, Benue state. Gboko is one of the three major towns in Benue State with little or no Federal government presence. It is however, the traditional seat of Tiv Native Authority and also, a great market for agricultural produce, therefore a host town to a number of cottage industries. It is privileged to have a giant cement factory, which became comatose in the late 90s. Prior to this, residents of the town had depended solely on the resources of the factory while solvent. However, its subsequent distress rendered the town economically castrated despite claims of dividend of democracy by unconscionable politicians.

Interestingly, at the height of desperation, the Federal government liberalized the global system of mobile telecommunication (GSM) service and its expansion to the town was embraced by youths, especially ladies who could not compete in Okada business (hire). Today, the GSM has gainfully employed over ten per cent of the youths while contributing about five per cent of the township income. This was followed closely by the establishment of three institutions of higher learning i.e. a polytechnic, college of education and a university, which have collectively created opportunities in terms of increased demand for hostel accommodation, business centres cum secretarial services, tailoring and banking services. Meanwhile, the cement factory has been revived through privatization. The new demand accentuated by the spate of private institutions of higher learning, GSM revolution occasioned by privatization philosophy and banking service expansion are alien to any deliberate government efforts to provide jobs. On the contrary, globalization led to improved environment without government's direct intervention. In other words, these are externalities of globalization that could trigger entrepreneurial activities.

11. Taking courses at higher schools to acquire more or relevant skills

Education is a powerful spring that spins one's life. Higher education means higher stakes in life, all things being equal. When I was developing a hostel accommodation at Fidei Polytechnic, Gboko, I met a bread baker who was rounding up his national diploma programme (ND) in marketing at the institution. In the ensuing discussion, he impressed on me that his training had afforded him an opportunity to generate increased sales through courteous handling of his customers. This is an intrinsic benefit of a higher education. Bankers in Gboko have had cause to make testimonies that they had witnessed Okada drivers with over N50,000.00 in their savings account. These bankers probably forget that these drivers are graduates of at least, NDs or NCEs and they know better why they are in the Okada business.

12. Taking advantage of government policies

Generally speaking, policies are general principles that guide top management in decision making. In the corporate world, they are set by the board. Policies aim at creating conducive environment for the attainment of set objectives.

In governance, polices aim at achieving macro-economic objectives such as stable exchange rate, balance of payment equilibrium, acceptable level of unemployment, price stability, among others. In other to achieve this, government employs a combination of fiscal and monetary measures some of which can spin opportunities for entrepreneurs. For instance, the ban on frozen foods has encouraged both chicken and aquatic farming in recent times. Similarly, local rice has taken the centre stage following the ban on rice importation and Nigerian farmers are working on the imperative of inward sourcing, not to mention the effect of the ban on fruit juice, which triggered stiff competition between Dangote Group and Coca Cola to customers' delight.

13. Reliance one's honesty

Honesty is now a rare attribute in our society and whoever possesses it stands out to be appreciated. Several capitalists amongst us have one form of job offer or the other but they would rather not trade-off such with treachery. It is evident that domestic employments like housekeeping, garden attendance and driving have all vanished from the hitherto gainful job opportunities due to dearth of integrity.

Therefore, where an individual possesses this rare quality, such person should demonstrate it in a manner that would attract patronage. The best way to demonstrate honesty is by rendering one's self available for agency activities to earn some commission. Agency activities may start from the renewal of vehicle licenses, project supervision, rent collection, house decoration, land registration, business registration or assets procurement. Once the first deliverable is right then demands for such services begin to trickle in.

14. Investment clubbing

Investment club is the coming together by people of like minds to pool resources and take advantage of the investment opportunities. It has become necessary to form these clubs due to the continued shifting of the goal post by stockbrokers in terms of initial amount required to open clients' investment accounts. For instance, First Trustee Limited at a point required N2.5 million to open a client's trading account, which was well beyond an average investor. Considering that First Trustee Ltd is an experienced corporate investor, a member of the larger First Bank family with a sister company like First Registrars Ltd that controls over 40% of quoted companies in Nigeria, one is not in doubt as to how beneficial First Trustee Ltd could be to potential investors. It is sensible therefore, if a group of five could to pool resources together and meet the threshold.

15. Engagement in hobbies

A hobby is a past time endeavour. Typically, hobbies can be developed into a lucrative business venture. Hobbies may be classified into games, collections, outdoor recreation, performing arts or creative hobbies (cooking, gardening etc.). Indeed, the supreme court of Thailand has had to sack the country's prime minister on charges of engagement in a television cooking programme as a hobby (CNN, September 12, 2008). In Nigeria, with the growing need to add spices to occasions, a good number of eloquent employees have developed habit in the hobby of being masters of ceremonies (MC) where they earn reasonably well. A colleague, a London trained economist, has had to resign her appointment as a senior manager in a bank to continue with her wedding cooking which, until then was just a hobby. A lot of married women tend to run kiosks in front of their residences as hobbies to evade idleness. Some professionals engage in part-time teaching as a hobby and the list can go on.

Regulators in case of need

The following are regulators in some of the sectors where prospective entrepreneurs may wish to raise capital:

- Money market: Central Bank of Nigeria, Nigeria Deposit Insurance Corporation, Chartered Institute of Bankers of Nigeria, Money Market Association of Nigeria.
- Insurance market: National Insurance Commission (NAICOM), Nigeria Insurance Association (NIA).
- Capital Market: Securities and Exchange Commission, Nigerian Stock Exchange (NSE), Abuja Commodity and Securities Exchange (AC&SE), Chartered Institute of Stockbrokers (CIB).

- Pension fund market: Pension Commission (Pencom).
- Debts market: Debt Management Office

Unfortunately, there exists no commercial code to regulate other financial investments that fail to come under the purview of the above stated agencies. Accordingly, EFCC has become a ready agency to mediate in dispute arising from these transactions. The Federal Government should urgently task Bureau of Public Enterprises SMEDAN and NACCIMA to come up with acceptable commercial code to define and enforce good business ethics and practices as is done in the developed world.

8.2 Entrepreneurial ideas and Opportunities

The process of opportunity recognition is critical to entrepreneurship. The fundamental activity of entrepreneurship is new venture creation. A major step in any entrepreneurial venture creation process is the recognition of the opportunity by the entrepreneur.

Opportunity recognition connotes perceiving a possibility for new profit potential through:

a) the founding and formation of a new venture, or

b) the significant improvement of an existing venture.

From this broad definition, opportunity recognition can be conceived of as an activity that can occur both prior to firm formation and after formation of the firm through into the life. How do entrepreneurs identify opportunities?

An idea for an entrepreneurial business does not necessarily equate to an opportunity although it is always at the heart of an opportunity. Entrepreneurship is a market driven process, other factors must exist to support the new product idea for it to become an opportunity as potential customers must want the product. Hence, we can think of the "idea" as a stepping stone that leads to an opportunity. Opportunity recognition is therefore a process.

Timmons' (1994) proposed a model of successful venture creation based on the three crucial driving forces of entrepreneurship:

(1) the founders (entrepreneurs),

(2) the resources needed to form the firm, and

(3) the recognition of the opportunity.

Surrounding the process are such things as risk, chaos, information asymmetries, resource scarcity, uncertainty, paradoxes, and confusion, all of which complicate the process. Only when all three components converge and fit can entrepreneurship occur successfully. The challenge for the entrepreneur is to manipulate and influence the surrounding factors to improve the chances for success of a venture. As Timmons (1994) notes, the process of recognizing and seizing an opportunity often relies on the right timing. Thus, according to Timmons (1990), the business idea is central to opportunity. However, only when the business environment and the skills and backgrounds of individual entrepreneurs fit together appropriately with the features of an opportunity can it reach its full potential.

Reasons for Starting a Business

An observation that is fundamental to entrepreneurship scholarship suggests that some individuals are more likely to identify and exploit opportunities than are others. A variety of explanations for presumed differences between entrepreneurs and others have been offered and debated.

These differences are due to:

a) variations in the beliefs individuals hold about the efficacy of perceived available resources;
b) the resources at one's disposal;
c) expectations about the value of these resources;
d) consideration of one's opportunity costs;
e) prior experience;
f) optimism;
g) action-orientation; and
h) a wide variety of personal dispositions, such as tolerance for ambiguity or need for achievement.

The pursuit of entrepreneurial activity reflects a series of choices that entrepreneurs make as they engage in the process of starting a business. Ascertaining the reasons entrepreneurs offer for why they choose to engage in business start-up is likely to provide insights into differences in persistence in entrepreneurial activity, the kinds of entrepreneurial activities undertaken, and success (or failure) at starting a business.

New businesses are not created by accident. There are sufficient impediments to successful business start-up to suggest that the process involves actions that are clearly intentional. When obstacles arise in connection with any of these activities, entrepreneurs must find ways to overcome them in order to ensure what Heider (1958) called "equifinality" of the outcome. Therefore, in theoretical terms, new venture creation is an intentional act that involves repeated attempts to exercise control over the process, in order to achieve the desired outcome.

The causes of behaviour have traditionally distinguished between those factors internal to the person and factors that are located in the external environment. The more an event appears to have been the product of an internal cause, the more the individual can be held accountable for the event. In Heider's work, attribution theory has also distinguished between temporary, transient causes and causes presumed to remain essentially unchanged over a longer time period. The former are referred to as variable causes; the latter are stable causes. For Heider (1958), intentionality was the "central feature" of personal causality, the one element needed to distinguish between events brought about by people and events brought about by forces of nature.

In a study of entrepreneurs from 11 different countries, Scheinberg and MacMillan (1988) pilot-tested a set of 38 possible reasons for going into business. Subsequent factor analyses of these statements eventually led to 23 possible reasons that were tested in detail by Birley and Westhead (1994). In order, the top six reasons were:

(a) to have freedom in work

(b) to take advantage of an opportunity

(c) to control one's own time

(d) "it made sense at that time in my life,

(e) to provide security for one's family, and

(f) to have greater flexibility for personal life.

With the possible exception of (d), these explanations all sound quite intentional and presume that the entrepreneur can exert control over the outcome. Factor analysis of the 23 reasons produced seven factors that the authors labelled:

(a) need for approval

(b) need for independence

(c) need for personal development

(d) welfare considerations (in the contributing-to-the-community sense)

(e) perceived instrumentality of wealth

(f) tax reduction, and

(g) following role models.

As was the case with the top six individual reasons, these factors have the distinct flavour of intending to pursue achievable (i.e., controllable) goals. Other reasons given for why start a business were identification of a market need, autonomy and independence, a desire to make more money, a desire to use knowledge and experience, the enjoyment of self-employment, and a desire to show that it could be done.

Applying the framework of expectancy theory to the choice to undertake the behaviours required for new venture creation leads to the prediction that such actions are most likely when individuals believe that (1) they are able successfully to perform venture-organizing behaviours, (2) successful venture-organizing behaviours will lead to predictable outcomes (such as a business start-up) and (3) a successful start-up will result in other outcomes of a positive value (such as wealth creation, increased personal status, or greater independence).

Both individual factors "endogenous factors" and situational variables "exogenous factors" will enter into the person's expectancy judgments, instrumentality judgments, and assessments of values. Probability judgments may be affected by perceptions of one's own skills and abilities, generalizations from past experiences (especially other entrepreneurial experiences), the perceived difficulty of the task, or the amount of effort required. Instrumentality judgments may be affected by perceptions of the environmental and situational constraints, such as the availability of capital, network contacts, and potential market demand for the product or service. In a fashion comparable to ours, the open-ended responses could be coded to account for nascent entrepreneur's perceptions of ability, the likelihood of success, and the value of the outcomes of new business creation.

Opportunities and Potential Entrepreneurs

Individuals become entrepreneurs for a wide variety of reasons. All of them, however, may be summarized by saying that each potential entrepreneur, when making that choice, believes that the utility received from undertaking an entrepreneurial venture exceeds the utility received from any alternative income-producing activity.

Imagine a world where each individual is faced with a profit opportunity. Some individuals will see it, some will not. Of those who see it, some will act upon it, others will not. Individuals that seize the opportunity become entrepreneurs, all others do not. Thus, each individual chooses between becoming or not becoming an entrepreneur.

Alternatively, we could assume that it is possible to divide all income-producing activities into two groups: one group including all activities that require entrepreneurial effort and a second group including all activities that do not require such an effort. In either case, and for any given entrepreneurship rate, because there are only two possible choices, each individual's choice of activity is determined by the difference between the subjective return to becoming an entrepreneur and the subjective expected return to doing something else. We call such a difference the subjective relative return to entrepreneurship.

Subjective relative returns to entrepreneurship describe an individual's decision to become an entrepreneur as a function of three simultaneous elements:

1) the subjective initial endowment, which is personal;

2) the institutional and economic circumstances of the economy, which are objective and community specific; and

3) the existing level of entrepreneurial activity in that community as perceived and evaluated by the individual.

The initial endowment summarizes all subjective personal characteristics and, among other things, includes the individual's family background, education, and personal history. The institutional and economic variables summarize the objective socioeconomic circumstances within which the individual operates. They include, but are not limited to, property rights, taxes, inflation rate, possibility of alternative employment, etc.

Finally, the choice of an individual with respect to entrepreneurship is influenced by the existing level of entrepreneurial activity. In traditional explanations of entrepreneurship, differences in entrepreneurship rates across communities are explained through differences in economic and institutional conditions. As a result, these explanations cannot account for the high variance in entrepreneurship rates when similar economic and institutional characteristics exist. Our idea is that, like most human decisions, the choice to become an entrepreneur is formed and revised within the set of information available to the individual. The key assumption is that different agents have different information, thus different perceptions about the risk and cost of becoming an entrepreneur. In particular, perceptions about likelihood and ease of success are influenced by the social circle of the individual and. therefore, influenced by the existing rate of entrepreneurial activity itself.

Thus, entrepreneurship creates more entrepreneurship and the aggregate level of entrepreneurial activity is uncertain and heavily influenced by cultural traits. This means that significant differences among entrepreneurship rates of different groups may exist in spite of relatively modest differences among their economic and institutional characteristics. To summarize, for each individual, the relative return to entrepreneurship is a function of the set of personal characteristics that determine the initial subjective endowment, objective socioeconomic circumstances, and of the entrepreneurship rate itself. In particular, the higher the entrepreneurship rate, the stronger is the incentive to become an entrepreneur rather than to pursue any other activity, independent of initial personal characteristics.

If the entrepreneurship rate influences the choices of new individuals, then entrepreneurship is a self-reinforcing phenomenon. As a result, the process of its development throughout a community is not predictable. Thus, depending on the nature and strength of certain social traits, a community may or may not develop a high level of entrepreneurial activity.

8.3 Elements of Venture Creation

Some key factors may lead to an increase in a person's desire and decision to start a business. Examples of such factors include a person's perception of desirability and feasibility of starting a business or the person's propensity and intention to found a business and his or her sense-making about the environmental forces.

Four elements in venture creation have been identified:

1. a profitable business opportunity
2. technical know-how of the entrepreneur
3. business know-how of the entrepreneur, and
4. entrepreneurial initiative.

Thus, some literature suggests that for an entrepreneur to start a business, he or she should perceive that a profitable opportunity exists, should feel confident that he or she possesses necessary skills to go into business, and should take an initiative for starting a business. Three key elements of a venture creation process can be conceptualized from Vesper's submissions, as opportunity, propensity and ability to enterprise.

Entrepreneurial Opportunity

Opportunity refers to the extent to which possibilities for new ventures exist and the extent to which entrepreneurs have the leeway to influence their odds for success through their own actions. Entrepreneurial opportunities tend to be higher in economies that are deregulated, where market mechanisms operate freely, and where entrepreneurs have to face very few barriers to entry. Thus, government policies and procedures affect the business opportunity. The opportunity will influence an entrepreneur's propensity to enterprise and ability to enterprise.

Entrepreneurial Propensity

A stream of research on entrepreneurship emphasizes the psychological and behavioural characteristics of entrepreneurs. The most common of these are the high need for achievement, capacity to innovate, internal locus of control, propensity for taking risks, and other key entrepreneurial characteristics.

People that have an urge for excellence, willingness to take moderate risk, and desire to be independent are very likely to become entrepreneurs. A study conducted in various countries found ten behavioural characteristics of successful entrepreneurs. These characteristics are opportunity seeking and initiative, persistence, risk taking, demand for quality and efficiency, commitment to work, goal setting, information seeking, systematic planning and monitoring, persuasion and networking, and independence and self-confidence.

The literature on personal entrepreneurial competencies argues that people with certain behavioural characteristics are able to perceive the opportunities available in the environment, seize such opportunities, and then turn such opportunities into profitable ventures. Yet, a personality or behavioural profile is not a sufficient condition for people to go into business. An individual with high propensity to start a business is more likely to go into business when he or she sees several business opportunities in the environment. Furthermore, the propensity to enterprise will be enhanced when an individual feels confident in his or her ability to enterprise.

Entrepreneurial Ability

Entrepreneurial ability refers to the sum of technical and business capabilities required to start and manage a business. While "technical capability" refers to the technical skills, "business capability" refers to the knowledge and skills in various functional aspects of business such as business planning, product development, marketing, personnel management, general management, accounting, finance, etc. Furthermore, as entrepreneurs face resistance from customers, investors, and several other stakeholders, they require some political and strategic planning skills in order to succeed in their endeavours. Without having the ability to enterprise, entrepreneurs may not be able to seize the opportunities available to them and successfully go through various start-up activities or manage the on-going business. Individuals with the necessary ability to enterprise, when combined with enhanced propensity to enterprise, will increase their chances of going into business. And, once they are in business, they are most likely to be the winners.

A crucial requirement in the process of new venture creation is a match between the opportunity, the propensity to enterprise, and the ability to enterprise. While the opportunity may enhance one's propensity to enterprise, persons with high propensity to enterprise will perhaps be able to identify the opportunities in the environment. Similarly, ability to enterprise may depend upon the nature of available opportunities. Some people may have high engineering skills but the opportunity for the use of such skills may be low. Persons with a high ability to enterprise may also be more able to locate opportunities than those with lower ability to enterprise. The likelihood to enterprise increases with an increase in the propensity and ability to enterprise and a match with available opportunities. Thus, a high level of opportunity, propensity to enterprise, and ability to enterprise will positively correlate with an individual's likelihood to enterprise.

There is a relationship between opportunity, propensity to enterprise, and ability to enterprise. The process of developing competent entrepreneurs and increasing their likelihood to enterprise consists of developing plentiful business opportunities in the environment, enhancing people's propensity to enterprise, and developing their capability to enterprise. Competent entrepreneurs will be able to take advantage of most opportunities and respond to the needs of the environments.

A key role of the entrepreneurial environment is to help entrepreneurs develop both propensity to enterprise and ability to enterprise. Persons with low propensity to enterprise lack the necessary motivation and mind-set required to start a business, whereas persons with low ability to enterprise lack the skills needed to manage the start-up and subsequent processes of business operation.

The foregoing discussion suggests that the importance of each dimension of the environmental factors varies depending upon the availability of opportunities for business start-up and the overall level of propensity and ability of people to start an enterprise. Each aspect of environmental condition is related to a specific aspect of the core elements of new venture creation. Generally, the availability of opportunities is a primary element for enhancing the propensity and ability to enterprise and consequently the likelihood to enterprise. The dimension of the environment that directly relates to the opportunity is macroeconomic policies and procedures. The better the legal and institutional framework for efficient functioning of the markets and the fewer the barriers that constrain people to pursue business opportunities, the greater the likelihood of business start-up.

The dimension of the environment that relates to the propensity to enterprise is socioeconomic factors. The greater the importance placed by the society on entrepreneurial values and behaviours, the larger the proportion of experienced entrepreneurs and role models, and the higher the societal recognition of entrepreneurial performance, the more likely that the propensity to enterprise is high.

The dimension of the environment that relates to the likelihood to enterprise is the level of entrepreneurial and business skills. The greater the availability of technical and business-related training, the greater the ability of the potential entrepreneurs to start and manage a business. Thus, if people have a high propensity to enterprise but a low ability to enterprise, environmental interventions will need to develop the entrepreneurial and business skills of these people. Conversely, if people have high ability to enterprise but a low propensity to enterprise, environmental interventions needs to be oriented towards making the socioeconomic conditions conducive for entrepreneurship.

As argued earlier, a person with high propensity to enterprise may enter into business; yet the person is likely to fail either at the start-up stage or afterwards if he or she lacks the ability to enterprise. Conversely, a person with high ability to enterprise but low propensity to enterprise lacks adequate motivation to venture into business. Successful entrepreneurship thus requires high levels of propensity and ability to enterprise.

The financial and non-financial assistance appear important only if the overall likelihood to enterprise is high. Previous studies have shown that tax and other incentives were important when people had higher motivation to go into business.

These elements of venture creation have important implications for public policy and for the design and implementation of programmes to develop entrepreneurship. Generally, the primary role of the government and other agencies is to increase opportunities, to develop the motivation of potential entrepreneurs to go into business, and to enhance potential entrepreneurs' ability to start a business. Government agencies that develop entrepreneurial environments may be efficient in their work if they address the specific elements of our model. The following points summarize the guidelines for formulating public policy:

1. Governments can contribute to entrepreneurship by adopting policies and procedures that provide a broader scope of opportunities to entrepreneurs. Examples of possible interventions are the provision of laws and regulations to protect entrepreneurial innovation such as patents and copyrights, liberal

economic policy to let people freely exercise their entrepreneurial talents, and minimum rules and regulations for entrepreneurs to follow so that the costs of doing business can be minimized.

2. Governments whose countries have low propensity to enterprise but high ability to enterprise could design policies and programs aimed at improving the socioeconomic dimension of the environment. Short-term interventions could include such programs as the best-entrepreneur-of-the-year award, provisions of trade fairs, and similar activities that reward entrepreneurial activities and increase overall societal awareness toward entrepreneurship. A possible long-term policy approach is to introduce entrepreneurial values and thinking in the educational system.

3. Governments whose countries have a low level of ability to enterprise but high level of propensity to enterprise could try to develop policies and programs that enhance the entrepreneurial and business skills of the potential entrepreneurs. Examples of useful interventions are technical and vocational training, and short-term entrepreneurship development courses and workshops aimed at enhancing specific business skills.

4. Some caution is needed in offering broad-based financial assistance to potential entrepreneurs in countries where propensity and ability to enterprise are low. If the propensity and ability to enterprise are low, policies and programs should also be directed to developing the propensity and ability to enterprise. This is because despite the financial assistance, people with low propensity and ability to enterprise may not venture into business or, even if they did, they may not be able to manage the enterprise. The greater the likelihood to enterprise, the greater the role of financial and non-financial assistance in creating new ventures.

Overall, the arguments above suggest that before developing specific policies and programmes, governments could focus on analysis of the extent of the opportunity, propensity to enterprise, and ability to enterprise, could identify weak areas, and then formulate policies and programs to strengthen the weaker areas.

The arguments developed in this chapter suggest that similar relationships may exist between environmental factors and performance of an individual entrepreneur, and that a match between specific requirements of the entrepreneurs and environmental forces would lead to greater likelihood of business start-up and success.

A major contribution of this chapter is that entrepreneurship can flourish if potential entrepreneurs find opportunities in the environment, if environmental conditions motivate entrepreneurs to take advantage of these opportunities, and if environmental conditions enhance entrepreneurs' ability to start and manage a business. We have shown how the framework of entrepreneurial environments and the model developed in this paper provide a basis for studying entrepreneurial environments, for developing richer theories in entrepreneurship, and for formulating public policy.

Finally, as Van de Yen (1993) argued, "the study of entrepreneurship is deficient if it focuses exclusively on the characteristics and behaviours of individual entrepreneurs, on the one hand, and if it treats the social, economic, and political factors influencing entrepreneurship as external demographic statistics, on the other hand.

AHMADU BELLO UNIVERSITY (ABU), ZARIA, NIGERIA
CURRICULUM ON BUSINESS CREATION AND GROWTH

GENS 301: BUSINESS CREATION AND GROWTH

MODULE 1: CONCEPT OF BUSINESS AND NEW VALUE CREATION

1. Business Planning Process

Introduction/Definition of Concepts

A business is an activity or entity, normally engaged in the provision of products and or services, for commercial gain, extending to non-Commercial organizations that may or may not be profit oriented. This is irrespective of the size and autonomy. While, a plan is a statement of calculated intention to organize effort and resource to achieve an outcome. This may or may not be in written form, but essentially comprising explanations, justifications and relevant numerical and financial statistical data.

Business plan therefore could be referred to as the activities and aims of any entity, individual, group or organization with the purpose of converting efforts to results. It is a formal statement of a set of business goals, the reasons why they are believed attainable, and the plan for reaching those goals. It may also contain background information about the organization or team attempting to reach those goals.

When the existing business is to assume a major change or when planning a new venture, a 3 to 5 year business plan is required, since investors will look for their returns within that timeframe. Invariably, the business plan simply serves as the detailed map of the venture that will guarantee a steady start up, a steady but gradual growth and vitality of the business.

The process of determining all the goals, strategies and projected actions that you intend taking to promote and ensure the survival and progress of your business within a given time frame is referred to as business planning process. This characteristically has two key aspects, one focused on making profits and the other focused on dealing with risks that might negatively impact the business. Business plan serves as a blueprint to guide the organization's policies and strategies which are continually modified as conditions change and new opportunities or threats appear. If this is prepared for external audience like lenders and prospective investors; it has to include details of the past, the present, and a forecasted performance of the business. Typically, this also contains pro-forma balance sheet, income and cash flow statements to show how the required fund shall positively affect the financial position of the business.

Business Planning Process:

There are five required steps to create a new business plan. It is a detailed process here referred to as business planning process. These steps are:

Research: Business planning process starts with a detailed research into the industry, its customers, competitors, and costs of the business.

Strategize: A good major source of strategizing is to watch the current practices in that business environment to have a foundation to build the necessary competitive distinctiveness.

Calculate: It is essential to calculate and have a rough draft of the financial implications in terms of the expected expenditure and revenues to ascertain a possible profitability at the end of the day.

Draft: The fourth step of a business planning process is to begin to draft and flesh up the background work made in the decided strategy and the financial calculations for the actual business plan detailed content.

Revisitation and Proof-reading to finalize: The fifth step is to revisit the entire business plan details and reconsider any ambiguity or inappropriate wordings and ideas featuring in the plan.

Typical Structure for a Business Plan for a Start up Venture

There is no fixed content for a business plan. Rather the content and format of the business plan is determined by the goals and audience of that enterprise. Some entrepreneurs simply see a business plan representing all aspects of business planning process that include only the vision and strategy with sub-plans to cover marketing, finance, operations, human resources as well as a legal plan when required. To some others, it has to be more detailed than that. It has to typically include an introduction/overview, a short description of the business idea and opportunity, what makes it different, who will be involved in the business, how you will provide your product or service, your marketing and sales strategy and financial situations and forecasts for the expected profitability. Consequently, it is essential to know that the structure of business plans varies. However, a typical structure for a business plan for a start up venture will contain the following:

Executive Summary: This is the general overview of the entire business. It is a summary of the business idea, the mission statement, a sketchy report of where your business fits in the market place and why it will succeed. Questions that have to be answered here include:

What is the business?
What is the market?
What is the potential for the business?
What are the forecast profit figures?
What are the Funding requirements?
What are the prospects for investors and lender?

Business Description: This is a detailed description of the business, with an in-depth explanation of the product or service being planned for the market and its benefits to those who will buy or use it.

Business Environment Analysis: This should explain the detailed strategy and tactics to be employed for bringing the product or service to the market. Strategy is the broad approach to the achievement of objectives while tactics refer to the details of the strategy. This includes the business name, the image and how they will be protected.

- Determines how to get to the market?
- Summarizes how to fulfil the entrepreneur's objectives.
- The detail will be contained in programmes and budgets.
- the pricing structure to be established.
- the estimated sales projections.

Market Analysis: This should thoroughly describe the customers, your competitors, the need for your product or service, and the health and vitality of the market place. This cannot be guess work. It must be based on a careful and reliable research. Other key questions it must answer are:

- What is the size and growth rate of the market?
- How is the market segmented?
- What is special about the product or service?
- What are the competitive advantages?
- What is the marketing strategy?

Marketing Plan: The marketing has to be adequately planned for and must include the:

- Market research
- Segmentation and targeting
- Detailed outline of the product or service
- Unique selling points
- Chosen pricing strategy

- Promotional plans
- Distribution strategy
- Customer service strategy

Operations Plan: Operations plan include the production process which must be explicitly explained. The process of bringing your product or service to the market, office space, production schedules, inventories, suppliers, supplies, official licenses, and insurance, meeting and existing business regulations must all be thoroughly discussed. The following may also be included depending on the type of business.

- Physical location
- Facilities
- Equipment
- Scale & location of operations
- Capacity - potential and effective
- ICT strategy
- Engineering and design support
- Materials required
- Inventory levels and stock control plans
- Purchasing arrangements
- Sources of supply of key resources
- Quality control plans
- Staffing requirements

Management and Organization: This explains the organizational structure of the enterprise whether it will be sole proprietorship, partnership, Limited Liability Corporation, or other status and those to be involved. Others are:

- Details of senior management
- Corporate governance
- Staffing requirements
- Key personnel

- Recruitment and selection
- Training
- Rewards (financial & non-financial)
- Labour relations
- Employment and related costs

Financial Plan: This offers the idea about the finances to be involved. The available amount, the required amount and how and where you will secure the difference. It should also be able to give the investment appraisal – payback and discounted cash flow as well as break even analysis. Other expectations from the plan are:

- Details of capital required and uses
- The plan must include details of the external finance required. This will be equal to the finance required, less the finance raised internally from existing owners and from operations
- The plan will outline how it is proposed to raise the finance
- Sources of finance: Short, medium and long term; Debt vs. equity
- Evaluation criteria for performance review
- Ratio analysis: net profit margin, Gross profit margin, return on capital employed, liquidity and solvency analysis

Effective business planning has to begin with an honest and realistic appraisal of the current position of the business.

Reasons for a Business Plan: Planning about your business is a necessary process to undertake before, during and after start up. A business plan serves as:

Road Map/Guide For The Business: It is not everyone that starts a business with a plan but it is better to have one to guide one. It guides the entrepreneur through the various phases of his business. Note that it is not a static document that you write once and put away. It should be simply taken as a guide or checklist of questions that constantly need to be attended to at every stage of gestation, growth, maturity and decline of the business.

Assurance of potentiality: The headings in a business plan will reassure all that the venture will work. The plan helps to clarify the entrepreneurs thinking and demonstrates his commitment to carry on as planned. It also identifies where he/she intends to get to and how to get there. This will also convince them that the tools, talent and team to make your plan work are already available.

Define a Business: It helps to identify the business, its objectives/goals and programmes that must be achieved.

Serves as Résumé for the Business: This happens when there is the need for communications to attract more investments, loans and profit potentials of the business. Regular Business Review and Course Corrections: The business plan is your regular reference to ensure you stay focused on its objectives. It will need to be constantly reviewed as the business develops.

Review Current Progress against the Initial Forecast: The progress of the business shall easily be feasible against the earlier forecasts. This makes any review or necessary adjustments to get it back on track possible.

Support for a Loan Application or Raise Equity Funding: Whenever a business is seeking fund from a bankers, venture capitalist or investor, a comprehensive business plan that is clear, focused, realistic and contains sound business reasoning shall be a necessary requirement to show that it is worthy of financial support.

Defines Agreements Between Partners: It helps to define agreements, shares, etc between partners, shareholders and other stakeholders in the business.

Proper Allocation of Resources: It helps to allocate resources properly, handle unforeseen complications and thereby assist in making adequate business decisions.

Sets a Value on a Business for Sale or other Legal Purposes: Whenever the business is placed on sale, it helps to set a value for it. This is also required at most times for legal purposes.

Start Up Decision - What Motivates People to Begin New Businesses

A. Introduction/Definition of Concepts It is worthy of note to consider what motivates people to begin new businesses particularly when one reflects on what it takes to start a new one in the Nigerian environment. It should be understood that new businesses are not created by accident, but clearly intentional. Entrepreneurs are driven by challenges which they pursue and overpower. These challenges in Nigeria include the fears of funding, hardworking, complete failure and universal delayed profit in the stabilizing years.

Factors that Motivate People to Begin New Businesses

Joblessness
Financial Ambition
Desire to Control the Economy
Desire to pursue a business idea
Advantage of an opportunity in the market
Inherited Family Business
Desire to be their own boss
Replicating a Business Idea found in another Environment
Frustration with low Pay
Preference for a Smaller Company Environment
Lack of opportunity in previous employer
The desire "to make things improve the world"
Invite to begin someone else's business
Maintain own ethical values which their employer did not share
Desire to be involved in operations
Exposure to Some Available Fund
Spirit of returning to the society
Life after Retirement
Favourable Government Policies and Procedures

Opportunity Search and Identification

Introduction/definition of concepts

Opportunity is a perceived means of generating incomes that previously have not been exploited and are not currently being exploited by others. Opportunity identification can, in turn, be defined as the cognitive process or processes through which individuals conclude that they have identified an opportunity. It is essentially a situation in which new goods, raw materials, markets and organizational strategies can be introduced through the formation of new means, ends or means-ends relationships.

BUSINESS OPPORTUNITY IDENTIFICATION PROCESS

Most entrepreneurs searching for new business ideas fundamentally consider three central issues. The main one is the potential economic value. He first considers if the venture has the capacity to generate profit. The second is the newness of such a venture. He / She will prefer products, services or technology that does not previously exist in that environment. The third is the perceived desirability whether their product has the moral or legal acceptability in that environment.

The Stages of Opportunity Identification process.

Opportunity identification is the collection of three main factors, which are the entrepreneur's background, the business influence and the general business environment. Opportunity identification has five stages that lead to 'recognition'. The five stages are discussed in relationship with the process of opportunity identification. These stages are:

a. Preparation
b. Incubation
c. Insight
d. Evaluation
e. Elaboration

Types of Opportunity

The main purpose of any type of opportunity is to strategize to achieve appropriate search. In other words, appropriate searching strategies are a function of the type of opportunity. Business search opportunities could be classified into three types, these are the:

i. recognized type
ii. discovered type
iii. created/enacted type

Each of this type of opportunity is associated with a certain level of uncertainty. These are low uncertainty for recognition opportunity, moderate uncertainty for discovery opportunity and ultimate uncertainty for created/enacted opportunity.

Recognition Type: Entrepreneurial alertness attitude enables recognition because the entrepreneur will be very sensitive and alert to information available in his/her environment. Recognition type is characterized by several other factors such as the background of the entrepreneur, the influence of the business and its general environment. This type of opportunity has to do with the exploitation of the existing markets where both sources of supply and demand that exist are recognized and brought together. Opportunity recognition occurs under condition of near certainty. This low uncertainty or near certainty opportunity in recognition type is referred to as analysis inducing.

Discovered Type: In this type of opportunity, when only the demand exists, but supply does not, and vice versa, then the non-existent side has to be discovered. This type of opportunity has to do with the exploration of existing and latent markets. For the discovered type opportunities to occur, a purposeful search is necessary. The entrepreneurs of the discovery type narrowed their search to areas where they had specific prior knowledge and they basically do not rely on alertness. An example is demand exists for 'Published texts in entrepreneur education in Nigeria' while the supply has to be discovered. Another example is the existence of supply for 'application of computers in Nigerian rural schools,' demand has to be discovered. As earlier mentioned, with opportunity discovery the uncertainty level is moderate. With this moderate uncertainty task, the discovery opportunity is known as quasi-rationality inducing.

Creation/Enactment Type: This type of opportunity is based on the principle of enactment where the entrepreneur creates new means and new ends by using effectual reasoning. This reasoning includes three types of means. The entrepreneur themselves, prior knowledge and experience, whom they know especially in the social, religious and professional sector. In this type of opportunity, the supply and demand will not apparently exist; one or both of them have to be created. This demands that several economic inventions like marketing, financing and others have to be created for the opportunity to exist.

This opportunity exploits principally the creation of new markets. Creation or enactment opportunity is associated with true or ultimate uncertainty. This high uncertainty task in opportunity creation can be recognized as intuition-inducing.

Factors that Influence Business Opportunity Identification

There are five factors that influence identification of opportunities. These are:

a. Entrepreneurial Alertness

b. Prior Knowledge

c. Discovery versus Purposeful Search

d. Networking versus Solo Entrepreneur

e. Creativity

f. Entrepreneurial Alertness Factor

This is a predisposition to observe and be responsive to information about objects, incidents, and patterns of behaviour in the environment, with special sensitivity to maker and user problems, unmet needs and interests, and novel combinations of resources. This is usually preceded by a position of enthusiastic awareness of information. Entrepreneurs constantly search about for opportunities that have been overlooked before then but unfortunately not all that have entrepreneurial alertness become successful entrepreneurs. Opportunity identification is only an indispensable stage of a process in initiating a new successful business.

Prior Knowledge Factor

People tend to discover opportunities from the information that is related to the information they already know. Prior knowledge and experience are the primary source of searching for opportunities. Entrepreneurs narrowed their search to areas where they had specific prior knowledge. Prior knowledge triggers identification of the value of new information.

Discovery versus Purposeful Search Factor

Some entrepreneurs absolutely believe that opportunity identification has to be through a purposeful search for opportunities while others believe that opportunity is something that had been readily available and overlooked but now discovered accidentally.

Networking versus Solo Entrepreneurship Factor

Entrepreneurs' network is vital in opportunity identification. The main contribution of network to identifying potential venture opportunities is from information gathered from social exchange of ideas. People with widespread networks discover more pungent opportunities than those businessmen who do not have social networks. There are three categories of opportunity recognition attitudes from social networks. These are the solo, the network and the informal categories. The solo entrepreneur category has a very creative, opportunistic and distinctive alertness attitude. They develop business ideas on their own with the belief that new opportunities which is claimed to be theirs alone, come naturally. Network entrepreneurs obtain their ideas from their social networks. Entrepreneurs with informal attitudes get their ideas when relaxed.

Creativity Factor

Most successful entrepreneurs identify opportunities that others do not see due to the special creativity attribute they possess. These creative attributes has a lot to do in business decision making and therefore very significant in opportunity- identification process. Hence creative entrepreneurship is described as the accomplishment of original useful ideas to start a new business to product and service delivery level.

Opportunities from SWOT Analysis

Some opportunities are sometimes identified while the entrepreneur is having his or her self assessment in terms of strength, weakness, opportunities and threats universally referred to as SWOT. SWOT Analysis is a useful self-appraisal system for your strengths and weaknesses that help establish your business or develop your business by exploiting your abilities, talents and opportunities. It is frequently used to understand, underline and identify the opportunities open to you and the threats you are likely to encounter. SWOT Analysis could also be that initial self appraisal of the ability of the business opportunity to start and survive.

To use SWOT Analysis, one should understand that Strengths and weaknesses are internal to your organization while opportunities and threats generally relate to external factors. Hence SWOT analysis is often described as internal/external analysis.

Strengths:

Your strengths should be perceived from both an internal position, and from the judgment of the customers and others in the market. You should also be realistic and a list of your company's characteristics of the business or project team that give it an advantage over others should help. In the study of your strengths, consider them with your competitors in mind. The situation where your competitors manufacture good products, but of less quality packaging to yours; your own strength will be quality packaging. However, quality product remains a necessity and therefore a weakness and a threat to your own product. Such strengths could be economical, availability of adequate funding, abundant raw materials, etc.

Weaknesses:

Your weaknesses are your limitations that characteristically place you or the team at a disadvantage when compared with others. You are aware of your own weaknesses than any other. It is a time to be truthful to yourself by asking yourself some unpleasant questions and answers about your weaknesses. Like your strength, this should also be considered from an internal and external pedestal. Such weaknesses in Business SWOT Analysis (BSA) are poor funding, unconducive location, inadequate infrastructure, outdated and poor equipment, poor staffing, while poor comportment, restlessness, drunkenness, low education, irresponsible attitudes, unwarranted socializing, reckless financial management, lack of skill and general ineptitude are mostly the weaknesses in Personal SWOT Analysis (PSA). Constant survey of the market and your competitors' progress should be done to inform you of your weakness.

Opportunities

Opportunities are external chances for accomplishing the goals and objectives of the venture. These objectives may be to improve productions and achieve better profits in the market or to start up a new business from emergence to survival. In considering opportunities, it is best to search your strengths for possible business or development opportunities. Another tactic is to search your weaknesses for possible reduction of your weaknesses to identify and explore opportunities from them. Such opportunities may open up from associations, connections and affiliations in ones religious, political group, family especially inheritance and an acquired experience by the entrepreneur.

Threats:

This refers to external factors usually outside the control of person or persons in the market environment that could impede the business or the entrepreneur from achieving the expected goals and objectives. These external factors include unpleasant environment, new government regulations, technological upgrades in the industry, Government support for local production of cassava – a major drug component and the ban on imported drugs.

Legal Issues at Start Up

A. Introduction/Definition Of Concepts

Starting a business venture can be a difficult task involving many important decisions, but it is highly exciting that the business idea is taking shape with every decision ready for takeoff. The right legal structure that will suit ones particular type of business or circumstances and ambitions should be considered. This will reduce unknown legal issues and thereby save money and negative images. In conclusion, Start-up must make provisions for legal expenses right from the onset to avoid significant legal problems later.

LEGAL FORMALITIES FOR BUSINESS START UP

Legal issues at start up involves dealing with setting up the business entity, business name and trademark registrations, labour and employment issues, intellectual property and vendor contracts among others. Four major legal issues that should be attended to are:

Address legal restrictions/Limits:

There are some Legal restrictions by the Federal and State Governments which have regulations for the establishment of businesses in Nigeria. Business operation permits and licenses are obtained for the establishment of businesses, business name permit, their premises, their operations, their materials and even the quality of their products. You have to fill and file certain forms with the Corporate Affairs Commission (CAC); the autonomous body responsible for regulating the formation and management of companies in Nigeria. Besides the

Corporate Affairs Commission (CAC), some common Government agencies involved in business start up are Standard Organization of Nigeria (SON), Nigerian Copyright Council, National Agency for Food and Drug Control (NAFDAC) etc.

Choose a Business Entity Type

There are several corporate structures in the Nigerian business registration system which includes sole proprietorships, partnerships, Limited Liability Corporation and Corporations. The business structure one chooses depends on some number of factors. These consist of the number of business partners to be accommodated in the business, the number of employees, the amount of personal liability for business debts one can afford and how one would like to be taxed among several others. It is best to contact an experienced business lawyer. Each of these types of business entity has its strengths and weaknesses. Some of them are:

Sole Proprietorship:

A sole proprietorship lets the entrepreneur/proprietor/business owner to have full control over the business. It is therefore easy and cheap to start and run. For sole proprietorships and partnerships, the core strength is that income is only taxed once – as personal income. The weaknesses are that there is no protection for liability in a sole proprietorship while there is limited ability to raise capital. There is lack of continuity or transferability whenever the proprietor has problem with the venture.

Partnership:

Partnerships have few formal requirements making them inexpensive to run in comparison to corporations. In this business entity, not only is there no protection for the corporation, but also the one partner could be liable for the unscrupulous acts of another. It has tax advantages while management flexibility is high. It is also easy and cheap to start. There is also no limit of liability for partners. Just like sole proprietorship, there is Lack of continuity/ or transferability while the ability to raise capital is unlimited.

Limited Liability Corporation:

Limited Liability Corporations are created and controlled by an operating agreement which is a complex contract. Like corporation, limited liability company entity reduces personal liabilities. It has some tax advantages as well as continuity or transferability. It has greater ability to raise capital while its management flexibility is higher.

Corporations:

Corporation is the most common business entity that offers protection for its shareholders. Its disadvantage is that income may be taxed twice, in the corporate and at individual levels. Corporation has an advantage of having a clearly define structure where shareholders who own the corporation, appoint officers to run the corporation and directors that oversee the officers.

It has restricted liability continuity and transferability as well as greater ability to raise capital. Its other weaknesses include more limited tax advantages that require additional filing, more formalities while more expenses are required. It has a very marginal tax management flexibility.

Protect Intellectual property

However, there are several aspects of intellectual property that a start-up needs to put in proper place. People often misconstrue the entire intellectual property for patents only. Patent is just the main type of Intellectual Property for the protection of invention. Others aspects are trademarks for the protection of logo while copyright for the protection of artistic, dramatic and literary works. Shareholder's Agreement is another aspect of Intellectual property required to regulate the relationship of shareholder in a company that has them. Company trademarks also include trade names and trade dress like its colours. Companies need to register all their Intellectual Property Rights from start up to protect their intellectual property marks and prevent litigations on plagiarism at later stages.

Generating and Registering a Business/company name:

Finding a befitting business name could be an interesting aspect of legal issues at start up. It is however required by the Government that this name is registered. Such a registration is to guarantees that no other business can exploit that your trade name.

It is essential to keep these characteristics of a business name at hand while choosing a new one:

- It should be easily and proudly expressible.
- It should be easy to comprehend and spell.
- It has to be creative and imaginative. (Sound well)
- avoid common or generic names.
- It must clearly advertise your business ideas and represent all you do so that your production line will not be limited.
- It should be distinctive and concise and without ambiguous words. consider the generated name in an alphabetical list such as the yellow pages.

Checking the Company name and trademark

When your business name is submitted to the Corporate Affairs Commission (CAC), the body will help you check if the proposed company name or trade mark is not already in existence or similar to one earlier registered. This will be checked on their computer which has the search facility (database) with the full list of registered businesses in Nigeria. Detailed checking at the CAC is to confirm the registration of your intellectual property which no other business in Nigeria can ever use again. It becomes the business link and marketing strategies with your customers.

Develop Basic Legal Documents

After the registration of the business name and trademarks, the business can now develop its basic legal documents and common forms needed. Purchase and services agreement that have to be signed should be prepared for the customer. Apparently, the business has to employ staff to assist run it. Employment legislation should be abided with by ensuring that employees receive their terms and conditions of service document, not too long upon assumption of duty. Company policies and procedure in respect of staff health, safety and general welfare should be documented, and be handed over to them on employment. There should be a general employment manual while agreement forms should also be prepared. Business companies are required to file an annual return with the Corporate Affairs Commission (CAC). This may include the company account depending on the type of entity and the annual turnover.

Feasibility Analysis of New Ventures and New Venture Financing

Introduction/definition of concepts

Feasibility analysis is a comprehensive research study required by the entrepreneur or his agent to determine the practicability, profitability and viability of the business idea. Before jumping into a start up business, expanding an existing one or even acquiring an existing one, it is very necessary to analyze the feasibility of that business. For whatever purpose, the main task of feasibility analysis is to express the model of the business and its marketability; check its prospect for financial profitability and success; and convey the managing group's capability to implement and accomplish the business objectives. The main concern and tool of feasibility analysis are the necessary expenditure and the profit to be accomplished. This means it is all about finance.

Reasons for Feasibility Analysis

Feasibility analysis is all about questioning your concept, ascertaining which components are in place to make it realistic to easily execute and recognizing the biggest obstacles you're likely to face.

Feasibility analysis mainly assists to:

Appraise the business marketplace for the new business idea; assess if the Managing team have the personality generally known with successful business persons. In this wise, an ingenious suitable feasibility analysis will supply the historical setting of the business, describe the products and services, the account/financial profile/data, information on its operations as well as management, marketing research and strategy, including legal necessities.

HOW TO WRITE A FEASIBILITY ANALYSIS REPORT

A feasibility analysis report for a start up business can be a simple or complex exercise, depending on the type of business. The best approach is to first determine what the entrepreneur requires it for and what interests him/her. However, in writing a business feasibility report the write up should be creatively kept simple, clear and concise, straight to the facts and figures, evidences laden and stylishly assertive.

Template and Structure for a Feasibility Analysis Report

a. Proposing Entrepreneurs' Profile:
b. Team Members Names:
c. e-mail addresses:
d. GSM Telephone Members:
e. Positions of Team members in the Business:
f. Postal and Residential Addresses:
g. Educational Qualifications:

Business Name: This indicates the type of registration, whether a sole proprietorship, partnership, corporation or limited liability venture. Please note that a public limited liability company carries the "Plc" after the name or the "Ltd" when proposed as a private limited company.

Business Location Headquarters and Branches: A good description of the possible headquarters location of the company, its branches and facilities including offices and manufacturing plant. The report needs to specify the required size of the location, its adequacy and the costs to be involved in acquiring, constructing or renovating buildings and required utilities that will suit their operations. The proposed location should have adequate access to infrastructure and services like highways, railway, airport and other utilities in relation to customers.

Background History of the Business: This refers to the business overview and should briefly describe the proposed business. It should be specifically spelt out how it shall be organized and a proposed aspiration of the venture to be a small company forever or to be developed into an international standard later.

Business Objective: It describes the main concept and the essence of the business. The main objectives usually put forward by most entrepreneurs are the generation of income, provision of jobs for the youth, improving the economic status of the business location and setting new standards or products in the business environment.

Required Technical skills: This section assesses the technical and professional readiness of the business. A business can only be considered technically and operationally feasible if it has the necessary expertise, infrastructure and capital to develop, install, operate and maintain the proposed venture, and be able to deliver the proposed goods or services at a profit.

Proposed financial Contributions (Capitalization): A start up business requires a lot of fund to provide sufficient access to resources. Most businesses die prematurely for the primary reason of under-capitalization. Financial provisions from all proposed sources of funding the business must be ensured to keep the business running from start up until it starts to make profits and breakeven.

Management and its Strategy: This section should spell out the organizational structure appropriate for the business and decide whether management would run the business by direct labour, contract, consultancy, etc.

Sources of finance at Start up: The report is supposed to give details of capital fund required and to enumerate the various sources of raising capital to sustain the business for the first one year. It should identify the short, medium and long term sources of funding.

Production and operational requirements: Operations must define the production and other operational processes necessary to deliver the products and services from pre-production level to the market environment. These include manufacturing, consulting, logistics, after-sales service, travel and transportations, printing, etc. This section delineates how to run the business and deliver the products and services to the market.

Market Potential Assessment and Strategy: This is essentially all about distribution and sales strategy. Product or service businesses are considered feasible based only on evidences that it has sufficient market demand. This means that it must have enough customers to purchase a sufficient quantity of products or services in the target location and provide the strong potential that the product or service will return pleasant profit figures.

The report has to decide the distribution channel whether the marketing strategy ought to adopt the cash-and-carry, direct sales, credit sales, wholesale outlet, commission agents or middlemen structure or the combination of the arrangements.

Financial Assessments and Projections: The main essence of the financial assessment and projections is to determine whether the business is financially feasible or not. This is a vital aspect of the entire feasibility report. This financial appraisal also entails the payback and discounted cash flow as well as break even analysis. It offers the expected expenses and incomes of the business including the sales and advertising projections as well as how long it will take the business to break even. It should also be able to predict the total start-up costs required to begin operations right through the cost of land and buildings, plants and equipment, legal costs, accounting costs, day-to-day running costs, wages, rent, utilities, interest payments on debts, etc. All these will eventually be weighed against the business's projected revenue on weekly, monthly, and or annual/bi-annual basis to determine the projected profit or loss of the business.

Growth and the break-even period: A business must have a lifecycle. The start up stage is always the planning and takes off period. All resources are put into it to ensure its birth and survival in the market. The feasibility report should be able to predict the timing of the various growth stages especially the break even, peak period in the life cycle of the product and the revenue dropping period. An average feasible start up business ought not to aim longer than 18 months to break even, depending on its type.

Re-investment Policy: The feasibility report would need to find out the current status of the business, examine the up to date developmental programme of the business and be able to predict how the business should be in the future.

Risk analysis: Risks especially the financial one is a major consideration for any business. The feasibility analysis ought to envisage and prepare for risks which sometimes could be major. These major risks could be in the organization, competitive, regulatory, etc sectors associated with the business. It must also be able to calculate how to alleviate such possible risks. Some entrepreneurs insure their entire system including staff and equipment.

Conclusions and Recommendations: When it has been decided to establish a business entity the business feasibility analysis must after all consideration conclude whether the business is viable, promising and gainful. This is to guide the entrepreneurs to go ahead with it or start thinking of another business. Feasibility analysis must also show when is the best time for the business to start for a rapid generation of income, its maturity time, its decline and possible natural death time.

Other Feasibility Considerations

They assess certain specifics when there is a challenge in a particular identified section of the business. These depend on the section but they are:

i. Economic feasibility

Economic analysis commonly known as cost-benefit analysis is the most frequent approach for evaluating the effectiveness of a business by determining the benefits and savings expected from it after comparing them with costs. It is crucial to objectively weigh the cost against the benefits before going ahead with the start up. The benefits must outweigh the costs, if it is viable.

ii. Legal feasibility

This is to investigate and ensure that the proposed business conforms with all legal prerequisites. All registrations are already done with the various Government and professional bodies. They all depend on the type of business.

iii. Operational feasibility

Operational feasibility assesses how competently the proposed business gets to the bottom of challenges and exploits all the opportunities earlier noted during capacity description. It also checks how the business complies with the necessities established in the requirements analysis part of the business development .

iv. Schedule feasibility

Schedule feasibility is a appraisal to determine how suitable the business take off timetable is. It considers the available technical skills, how realistic the business deadlines are, how compulsory and considered necessary are those time limits. Some businesses may require certain time span to develop and mature, to be viable. For example a few months time limit for a Cocoa plantation business is unrealistic when it is obvious that it will require some years to start yielding. It however becomes a highly rewarding at pay off subsequently.

v. Resource feasibility

Resource feasibility entails examining and determining the availability of the type and amount of required resources for the business start up. Such resources include the time/period available, its dependencies, its interferences with other operations, etc

Financial feasibility: In a start up business, the financial feasibility tests the financial viability of the proposed business based on the total estimated cost of the business, financing format like the intended capital configuration, debt equity ratio and promoter's share

of total cost, existing investment by the promoter in other businesses and the expected cost–benefit analysis

New Venture Financing Start up businesses are usually much easier to finance and source fund for than established businesses because they have the potential to grow rapidly with limited resources of fund, land and labour. Funding such start up businesses provide the opportunity for providing a progressing chain of financing. This fund sources leads from one link to the other at a particular time from gestation stage to maturity. See the diagram on page. These funding sources are arranged below in progressively required.

Founders, Friends & Family or Bootstrapping Phase

Business Angels

Venture Capital (VC)

Initial Public Offering (IPO)

Founders, Friends and Family

The most simple and familiar method used to raise capital funds for a start up business is through you as founders, family and friends often referred to as the "3Fs". It is a group that could be interested in investing in your ideas due to your time-honored personal relationship with them. Despite the possible substantial danger inherent in such with mixing personal relationships with business, they are not likely to be interested in the details of your idea as other business financiers. A similar means of self-funding a business by limiting or avoiding outside investment or running a business venture on a shoestring financial plan is bootstrapping. This is a means of funding a small scale business with highly creative attainment and exploit of all available resources without elicit borrowing money from any bank or other finance houses. It strictly rely greatly on internally generated earnings, credit cards, second mortgages, and customer advances and other few sources. It provides the main strategy of positioning an operating venture to seek equity capital from external investors later.

Angel Financing

Some individuals who invest their money in business ventures for high financial profits better than what they can get from banks and other investments are Angels doing angel financing. They are majorly motivated to offer this second round financing by the profit in it usually calculated in percentages. The business of angel investing is becoming very lucrative in Nigeria not just for businesses but to other people in financial stress. For start-ups, angels are usually ready to grant the required finances before incomes and administrative supports. Some of them are well known while others are not, but they are mostly professionals who have made their money in their businesses. These include engineers, lawyers, medical doctors, company executives, public servants, academicians, entrepreneurs, etc. They sometimes willingly take the risk to have a slice in your business that could hopefully become big in future. Affiliated and non-affiliated are the two types of angels known. An affiliated angel has some sort of contact with you and or your business but not necessarily related to you. With this familiarity, it is advisable to approach the affiliated angel since he will be interested in your affairs. However, a non-affiliated angel has no association with either you or your business. They are both more accommodating than banks and other financial sources to tap the ingenuity of start-up businesses. They play very contributive roles in finance, knowledge and other supports.

Venture Capital Financing

Some investors are interested in financing early stage and more risk-oriented ventures by offering seed funding to early-stage businesses with high potential growth ventures for high profit generation. Known as venture investors, they are often not interested in innovations and high-tech developments and to be the first investor for start up businesses.

Initial Public Offering (IPO) or mergers & acquisitions (M&A) Initial public offering (IPO) or merger and acquisitions (M&A) or the stock market is the first sale of stock by a small or large scale company to the public to raise expansion capitals and become a publicly traded enterprise. It allows a company to source for capitals from a wide pool of investors for growth and debt repayment. This first fund from the shares goes directly to the Company while further trade of shares on the stock market has to pass between investors. A company selling common shares is never required to repay the capital to investors. This financing source was first employed by the Dutch East Indian Company to issue stocks and bonds in an initial public offering. A company proposing this funding source will through the assistance of an investment bank as underwriters help to correctly assess their shares price.

MODULE: 2 THEORIES OF GROWTH: AN OVERVIEW

Entrepreneurship is recognized as the engine of economic growth and poverty reduction worldwide. This is because the social and economic value added through innovation and employment generation is critical to the increase in the overall productiveness of the economy. The more the enterprises produce, the more inputs in the form of raw materials, labour and other supplies are required. Thus, it is essential for businesses to grow in order to serve the interest of the owners and also contribute positively to the economic development of regions and nations. Thus, managers and owners are expected to design and implement effective strategies to ensure the survival and growth of businesses.

Concept of Business Growth

Business growth means expanding firm's products and services or expanding its target markets, or some combination of each. Any increase in the volume of activities of enterprises is a clear indication of growth. Businesses grow for a number of reasons including to take advantage of a gap in the market, to gain a competitive advantage over rivals, and to win increased market share. Usually ventures start small because of limited knowledge of the market, shortage of capital and lack of skilled employees etc. It is expected that as the entrepreneur gains more skills, knowledge and acquire additional resources, the volume of activities of the business will expand. An entrepreneur may also capitalize on changes in the environment to expand his operations in order to exploit new opportunities

In explaining the pattern of business growth, many theories rely on "The life-cycle approach. This approach posits that just as humans pass through stages of physiological and psychological development from infancy to adulthood, businesses also evolve in predictable ways and encounter similar problems in their growth" (Bhidé, 2000). It is proposed that businesses pass though infancy, growth, maturity and then decline or even close shop. The question is why do some businesses survive and grow while others do not.

Reason for Business growth

Conventionally, people ascribe businesses success or failures to fate/chance or certain environmental conditions including family background. Even though one could not entirely rule out the influence of changes in the environmental factors, the entrepreneur's positive attitude, discipline, skills, competences, resilience and experience are real factors determining the transition of an enterprise from start up to a fully grown or diversifies venture.

The question often asked is what motivates people commit to starting and growing their businesses. Usually, entrepreneurs tend to make critical investments, take acceptable risks and learn consistently because of their desire to make money and enjoy all the rights and privileges that come along with wealth. Other reasons include improved social status and well being, greater opportunity for philanthropy and community services, and gaining control over their own destiny. Employees attribute increase in income/ benefits and advancement with businesses that grow. Thus, it is in the best interest of business owners and other stakeholders in the society for businesses to grow and flourish because growth tends to create social and economic value for all.

Any increase in the activities of small enterprises will lead to corresponding increase in employment. As employments are created, the increase productivity raises the level of wealth creation in a given economic environment. This is why the productiveness of an economy is related to increasing income and improving standards of living. Businesses combine human and material resources to create value. So, as activities of enterprises increase due to increase in labour productivity and efficient use of resources, all things being equal lead to high wages for individual worker, more profit for the company and rise in GDP for the nation. When productivity is higher, cost of production tends to be lower. With lower cost of production, citizens obtain products cheaper and these, in turn, increase living standards.

Types of Business Growth

There are two main types of business growth:

1. Internal Growth and
2. External Growth

1. Internal growth: Internal growth is typically a steady process of expansion from within the firm. The owner(s) of the business contribute more capital, or plough back profits into the business to acquire new assets, employ more staff, build additional plant or deploy new technology. The main advantage of this approach is that the business is able to leverage its assets and experience over time. The main disadvantage is that it takes time, and rivals may be expanding and gaining competitive advantage as well. NASCO Nigeria plc used this approach by expanding into the production of detergents and carpets. Thus, through hard work and careful planning owners can grow their businesses successfully.

2. External Growth: External growth can be carried out by seeking external finance, or by merger and acquisition. These approaches tend to rely on bringing external resources into the business in order to fund expansion. In this case, there is the possibility of changes in the ownership structure of the firm.

Strategies for Growth

Business organizations must grow in order to remain relevant and competitive. A firm is required to constantly search for and make use of knowledge of its changing market in order to identify and exploit growth opportunities. Businesses tend to grow in order to deliver their products or services better than competitors. But, the capacity of the firm to deliver resides in the range and quality products or services offered to the customers, the skills and the service offered by the staff, technical knowledge/ technology and customer/supplier relationships.

Therefore, entrepreneurs are expected to create an environment that will fit the growth agenda of the firm. This entails continues assessment of structures, policies, procedures, systems, activities, decisions making, coordination, and communication networks. All of these factors are vital to achieving optimum growth. When a firm is better organized, there are a number of alternative path for growth. They include:

1. Expanding Product Line or Service Offerings: A firm may increase its products offerings by serving the existing market or discovering an entirely new market. This requires market research and intelligence to enable the firm gauge the acceptability of the new products to the target market.

2. Opening new branches/division: In order to expand to new market, entrepreneurs make efforts to set up branches in other locations. Opening new branches or divisions allows firms to expand to new locations, other local governments or states with new or existing products depending on market requirements. The key to creating and successfully operating in a new location is to ensure that a demand already exists or the company is capable of stimulating demand in the new target market.

3. Exporting: Today, markets, customer taste, competition and knowledge are global. Regardless of the business one undertakes there are numerous opportunities for growth in the international market. Unlike broadening domestically, expanding globally is likely to leverage and re-enforce a company's unique position and identity.

4. Innovation: Innovation is the greatest source of sustained growth. Innovation signifies continuous change in the way a firm serves its customers or conducts its business. To be successful, there is the need for a shift towards modernization and employing global good practices for managing ventures. Sticking to traditional methods of operations whether in farms, shops or factories no longer work. Entrepreneurs are required to drive change process that will create unique value by tapping into the creative talents of members of the organization.

5. Creating and Maintaining Online Presence: Today's world is divided not by ideology but by technology. When a firm employs modern information and communication technology it gains an edge over its competitors (Marco and Levien, 2004; Mitra, 2012). Instead of a firm setting up branches physically within and outside national borders, it can reach global market using internet. To be successful, a firm is expected to create and promote a website that is user friendly.

6. Franchising and Licensing: Franchising and licensing are used by companies that have successful products or services in order to expand to other markets more efficiently. Franchising is a growth strategy where a firm allows another firm or firms to use its successful business model. When a business reaches certain level of maturity, it can franchise its product offerings. In this case, a firm enters into a contractual relationship with other firms known as franchisees to conduct business under the franchisor's trade name for a fee.

Licensing however, is a contractual arrangement where a firm known as a licensor allows another firm called licensee to use its brand name, patent, or other proprietary right, in exchange for a fee or royalty. License agreement provides both firms to expand and drive mutual benefits. The licensor benefits from the knowledge, technology, skills, assets and other competencies of the licensee. It also allows the Licensor to enter foreign markets by using local firms. This arrangement is popularly used by manufacturing firms such as pharmaceutical companies, clothing, toys, technology based firms etc.

7. Merger and Acquisition: Formally the term “merger” applies to the consolidation of two or more companies about equal in size. Acquisition involves a larger firm taking over smaller ones. The two terms are however used interchangeably. Companies merge with or buy other companies to expand or consolidate their operations. In many cases companies engaged in merger or acquisition in order to get access to real estate or other facilities; to get access to brand, trademarks, patents or technology and sometimes to get competent employees. But the most common reason is to acquire customers (Selden and Colvin, 2003). The business could expand to other markets or produce more products by merging with one or more firms that produces similar or different products.

8. Competition: In the global corporate scene, companies cannot afford to ignore the need to collaborate with other companies or competitors to create new value. This is not to undermine competition, but to allow firms to compete at one level and collaborate in another level with the aim of taking advantage of new market, or developing new products which they could otherwise not achieve independently. Also, firms collaborate to take advantage of foreign markets. This form of alliance facilitates learning, access to modern technological advances and reduced transition time. The computer and photographic film industry are good examples of how an active alliance could help companies add superior value.

Challenges of Business Growth in Nigeria

It is well understood that Small Scale Enterprises (SMEs) are the most effective means of generating employment and fostering growth. Typically, SMEs adapt with greater ease under changing business conditions because of flexibility and low capital involved. In spite of their resilience, small businesses encounter numerous challenges which limit their ability to grow.

The problems of many of ventures in Nigeria remains lack of expansion, low technology and skills; and limited capital. In fact, significant numbers of youth that have low skills are either unemployed or are engaged in street hawking and road side petty trades because the ventures that are expected to absorb them do not frequently grow. Thus, there is the need to carefully address the binding constraints to growth of businesses in order to regenerate the economy. Some of the key challenges are as follows:

1. *Lack of coherent economic empowerment policy:* There is yet to be a comprehensive long term agenda for youth development which would draw momentum from reliable data bank for skilled and unskilled; employed and unemployed youth in the country. There is almost total absence of coordination among various agencies concern with employment generation in the country.
2. *Technical constraints:* Although there are few vocational and other skills acquisition centers in the country, their number and competencies are inadequate to improve the technical capacity of many Nigerians. Also, the technical skills provided are skewed towards low technology and low skill trades.
3. *Deteriorating economic condition:* Due to weak economic policies that engender high inflation, high interest and exchange rates couple with the smuggling of foreign cheap products into the country, many people consider it extremely risky to invest in agri-business and manufacturing.
4. *Lack of productive culture:* People are accustomed to being dependent on parents, relative, friends and government. Without social re-orientation, it will be difficult to free the enormous talent and energies of people to think and act their way to financial independence.
5. *Weak Investment climate:*
   - Low Access to finance: Even with the introduction of Micro Finance Banks and the consolidation of the banking sector, a large number of businesses in Nigeria do not have access to finance.
   - Access to Business Development Services: Entrepreneurs require services such as tax planning and accounting, business plans, advice on marketing, production, IT systems, legal services etc. However, due to lack of access to finance and technical skills, many do not appreciate the relevance of the services and some cannot afford the services. Hence, they remain small.

- Low Access to infrastructure: Nigerian businesses grapple with inadequate power, water, sanitation, security, rails and roads networks. This tends to increase the cost of doing business which drains resources required for expansion.
- Low Access to Investments: many companies that operate outside the extractive sectors find it difficult to attract foreign investment and foreign lending. The Federal Ministry of Commerce and Nigerian Investment Promotion Council have a unique role to play in this regard.

Even though the list of challenges is not exhaustive, it is pertinent to begin to consciously foster an environment that encourages entrepreneurs to invest in new technology and new activities which is critical to the economic growth of the country.

Critical Success Factors for Growing Businesses

In an effort to create enduring and growing ventures, entrepreneurs require the following if they are to succeed.

1. Clarity: The greater clarity an entrepreneur has regarding values, vision, mission, purpose and goals, the greater the probability that his/her venture will grow and succeed.

2. Competence: Even when goals are clearly defined, there is the need for an entrepreneur to constantly learn new skills and acquire experiences to permit making informed decisions.

3. Reputation: The most valuable asset a firm can develop is its reputation. Reputation is how the business is known by its customers. Building reputation around quality, reliability, and service is critical to the survival and growth of businesses.

4. Resilience: There are numerous challenges confronting businesses especially at the initial stage. The ability to identify and remove obstacles with focus and speed is critical.

5. Creativity: Successful businesses are innovative. The ability to think differently, faster and to figure out new and easier ways to produce and deliver products and services are very crucial to growth.

6. Concentration: Entrepreneur’s ability to avoid distractions and focus on what he/she does best is one of the secret for success. Many people are unable to focus their energy, resources and time to what they are good at.

7. Courage: This entails audacity to explore and venture into the unknown with no guarantee of success.

7. Learning from failure and moving on: The ability to learn from the failure and venture out on the next exhibition makes entrepreneurs different from the "rest of the pack".

8. Financial Discipline: There are instances where entrepreneurs get carried away by short term financial successes. They tend to acquire assets and liabilities that contribute little or nothing to the business. This is one of common reasons why businesses stagnate and die eventually.

9. Investment in people: Businesses that grow consistently develop the capacity of managers and employees. Also, they tend to appreciate and reward the creative talents and efforts of their employees.

MODULE 3: SOURCES OF FUNDS

Finance has long been considered by Small and Medium Enterprises (SMEs) operators as an important issue. Obtaining financial resources assistance and when they are needed can be more difficult for small scale entrepreneurial ventures than for established organizations. The critical issue is to ensure that sufficient cash is available for current operations and growth of the business. The owner must also ensure that money is available to settle current liabilities when due; these may include inventory, rent, telephone bills, office supplies etc. Other reasons for sourcing business finance include the following:

i. upgrading facilities to comply with stricter environmental regulations
ii. financing production in cases where there is significant lag between when costs are incurred and when payments are received;
iii. purchasing of new equipment or facilities;

iv. purchasing of business vehicles; and

v. building up inventory in advance of a busy season.

Irrespective of the reason(s) for which funds are required, it is the sole responsibility of the business owner to ensure that funding is obtained at the right time, at the right cost and from the right source. Before raising the required funds, the business owner must estimate the actual funds needed in order to avoid encountering unnecessary high cost of capital or excess capital.

SOURCES OF FUNDS FOR NEW AND ENTREPRENEURIAL VENTURES

There are several sources of finance for both new and old entrepreneurial ventures. These sources are:

(i) Personal Savings

(ii) Borrowing from Friends and Relations

(iii) Trade Credit

(iv) Accrual Accounts

(v) Retained Earnings

(vi) Equity Financing

(vii) Bank Loans

(viii) Project Financing

(ix) Venture Capital

(x) Debt Financing

(xi) Commercial Draft

(xii) Banker’s Acceptance

(xiii) Bills Discounting

(xiv) Commercial Paper

(xv) Inventory Financing

(xvi) Bank Overdraft

(xvii) Loans from Corporative Societies

(xviii) Hire Purchase

(xix) Leasing

(xx) Factoring
(xxi) Microfinance Bank
(xxii) Public Offerings
(xxiii) Small Business Investment Organizations

(i) Personal Savings

Personal savings is the most common source of financing for small business enterprises. It has to do with the personal money which the entrepreneur has been able to set aside for an intended business venture. This includes cash and any personal assets convertible into cash or to business use, for example, cash from family/friends which is an informal form of financing falls into this category. This may also be from past savings, trust accounts or some other form of personal equity of the business owner. This is the least expensive method of financing and also the easiest as the decision to lend is made by the same persons wishing to borrow the fund.

(ii) Borrowing from Friends and Relations

Funds can be raised for entrepreneurial ventures through borrowing from friends and relations. The amount to be raised through this source however, depends on the financial capabilities of the friends and relations and the relationship that exists between the business owner and his friends or relations. The repayment period and the interest payable are a function of the terms of borrowing which are usually determined by the lender.

(iii) Trade Credit

Trade credit as a source of fund occurs when a buyer makes an arrangement with the seller to buy goods on credit and pay later. However, this arrangement depends on the customer's good reputation and it often requires a pre-arrangement between the buyer and the seller. Trade credit is one of the most widely used short term sources of funds and the term normally falls within the range of thirty to ninety days which can still be extended after the expiration period, depending on the relationship between the parties involved.

(iv) Accrual Accounts

Accrual accounts can also be called account payable. It represents the continually occurring current liability of a particular business. These include wages, interest, taxes and other expenses that are payable in arrears. They are due but yet to be paid. Their repayment period is usually within a period of one year.

(v) Retained Earnings

Funds can also be obtained through undistributed profits. A business owner may decide to reinvest part of his or her profit back to business for efficient operations of the business. This is also called plough-back profit and it shows the naira value of ownership rights that result from the business retention of its past income. In business, retained earnings are usually considered as an additional fund for financing the future growth of the business. Retained earnings are helpful as a last resort in business finance. The inability of the business owners in meeting up with the stringent conditions of the financial institutions usually makes the business owner come to fall back to their business reserves for funds raising.

(vi) Equity Financing

Equity finance is a form of business finance in which funds borrowed to operate a business venture are not taken as loan but converted to equity (stake in ownership) which now makes the lender a part owner of the business venture, risk and profit are shared together. The amount of equity finance in a particular business may be substantial subject to factors such as the nature of the business, the total amount of capital required and the interest of the investor. The advantage of equity financing is that its infusion of capital does not have to be repaid like a loan.

(vii) Bank Loan

A small business entrepreneur can approach bank for a loan. This is a common practice among established small business enterprises with good reputation doing business with a particular bank. The bank interest rate depends on the type of loan involved whether is fixed or variable. Bank loan can be given either on short term or long term basis. Short term bank loan usually covers between one month and less than one year, while long term bank loan covers a period that is more than year one. The relationship of the borrower with the bank matters a lot. The reason for this is that banks are more likely to give loans to business owners they know very well and whom they have their business and personal records. The amount of money that banks are willing to give per time depends on the nature of business, the size of business, the repayment period and the creditworthiness of the business owner.

(viii) Project Financing

Project financing is the funding of a particular project by a financial institution. This can be a source of funds only when the proceeds from the project are sufficient to repay the capital sum usually known as the principal which is the amount of money borrowed for the execution of the project with interest accrued. The project will be used as the security for such loan and the advance is self–liquidating. In this case, the borrower‘s financial standing or position is less important because the institution must ascertain the value of the project and ensure that the value is high enough to settle the amount of money borrowed by the contractor.

(ix) Venture Capital

Venture capital is the money invested by individuals or venture capital firms in small and high risk business enterprises. Venture capitalists are investors that invest in other people's businesses for the sole aim of profit. They receive equity participation i.e. the equity ownership right of some proportion in the business enterprises they have invested their money in. They participate substantially in the management of the enterprises in which they have invested, holding board positions and working in close liaison with the enterprise's management team. The venture capital industry may consist of:

(a) wealthy individuals
(b) foreign investors
(c) private investment funds
(d) pension funds or
(e) major corporations.

(x) Debt Financing

These are funds that the business owner borrows and must repay with interest. Borrowed capital maintains ownership of the business (unlike equity financing, which dilutes ownership) but is carried as a liability on Balance Sheet. In general, small businesses are required to pay more interest than large businesses because of perceived higher risks, that is, few percent above prime rate. Entrepreneurs seeking debt capital can have access to a range of credit options varying in Complexity, availability and flexibility, both from commercial and government sponsored lenders.

(xi) Commercial Draft

Commercial draft is a short term financing source credit. It is an unconditional order in writing made by one party. The drawer addressed to a second party, the drawee ordering the drawee to pay a specified sum of money to a third party called the payee. Commercial draft may be a sight or time draft. The type depends on the negotiation terms.

(xii) Banker's Acceptance

This is credit facility that involves a bank and its customer. It is a time draft payable at a stipulated date. It is an arrangement between the businessmen who produce goods for sale. The businessman customer then draws the acceptance credit paper requiring his banker to accept the responsibility of settling the bills pending when the goods will be sold. By placing its acceptance on the bill (acceptance credit) the bank has accepted a contingent liability as well as giving an indication that it will honour the bill upon presentation at maturity in case the customer defaults. A discount house usually evaluates the creditworthiness and reputation of the accepting bank. The maturity date is usually less than six months and it is mainly used in international trade.

(xii) Bills Discounting

Bills discounting is a source of finance where the supplier of goods (creditor) writes a bill of exchange for the customer for acceptance. Immediate cash may be obtained by the supplier for his goods after the goods have been dispatched to the customer by discounting the bill with the bank or discount house after the bill has been accepted by the debtor (customer). Other aspects of bill discounting involves Government securities such as Treasury Bills and certificates which can be surrendered before their maturity dates to banks or discount houses for purchase. The amount paid to the bill owner is less than face value.

(xiii) Commercial Paper

This is an instrument of the money market (commercial Bank) that is usually used by many organisations to raise short- term funds. Under this source of funds, an issuing house issues it on behalf of a company. The issuing house only finds investors to buy the commercial paper, the investors deal directly with the company issuing the note. The issuing house does not even guarantee the note. The issuing house charges commission for the service through a coupon rate which is usually stated on the commercial paper. The maturity date of a commercial paper ranges between 90 and 180 days and it is usually written out to contain details such as the date of issue, the maturity date, the amount per coupon, etc. The coupon rate and the issuing house commission make up the cost of commercial paper.

(xiv) Bank Overdraft

Another financial facility is an overdraft facility, which banks give to its business clients. Bank overdraft is an overdrawn bank current account and a short-term financial facility which is renegotiated every year depending on the performance of the business. Bank overdraft is usually covered by personal guarantee of SME owners and carries a higher interest rate than a normal loan. Often this interest rate is higher than profit margin percentages, which makes it a very short-term loan for covering cash flow problems rather than to finance acquisitions or buy stocks. Before banks grant overdraft, the following factors are considered:

(i) The purpose for which the fund is required;

(ii) The character of the entrepreneur;

(iii) The management and financial position of the business;

(iv) The capacity of the business and

(v) Collateral security (this depends on the amount of money involved).

(xv) Inventory Financing: Inventory financing is the use of inventory or stocks as collateral security for borrowing of fund.

(xvi) Borrowing from Cooperative Societies

A cooperative society is an association established by group of individuals who pooled their resources together to engage in a business transaction for profit making but mainly for the benefit of members. Depending on the financial capability of the cooperative society, it can provide funds for its members to start business or finance their business transactions. The amount that can be raised from cooperative society is subject to the financial commitment of the members, the repayment period is not usually beyond two years since the fund is provided on short-term sources of finance. The interest charged is also considerable low compared with Commercial bank interest rates.

(xvii) Hire Purchase

Hire purchase is used when purchasing assets such as plant, equipment, machinery and vehicles. An initial deposit may be required followed by a series of installment payment with an attached interest. The interest rate is usually controlled by the prevailing bank rate (e.g. 4 percent above bank lending rate when regulated by government). Under hire purchase, agreement periods can range between 1 to 3 years depending on life span of the asset. Hire purchase is quick and easy to arrange, the security for agreement being the asset itself. Upon the payment of the initial deposit, the customer enjoys immediate use of the asset. The asset legally belongs to the owner of the asset and if the buyer defaults, the owner of the assets automatically repossesses his or her asset.

(xviii) Leasing

A lease is an agreement whereby the owner-manager (lessee) undertakes to make regular monthly payments to the financial institution (lessor) in return for the use of equipment belonging legally to the latter. The leasing instrument is used by SMEs to finance equipment (including vehicles) acquisitions. Operating leases function in such a way that the leasing company retains ownership and risks associated with the equipment (although insurance is mandatory). The lessor is therefore both the financier and the legal owner of the equipment. In lease financing, the following points are important and worth noting by any entrepreneur that wants to enter into lease agreement.

(i) Ownership of the asset does not rest with the business until the asset is sold at residual value at end of contract.
(ii) Capital allowances may be claimed by leasing institution but not by the business.
(iii) Lease payments are tax deductible that is, passed as expenses in Profit and Loss.
(iv) Leasing does not normally affect borrowing capacity unless financial legislation requires balance sheets to reflect leasing finance.
(v) Period of repayment matches expected life of asset.

(vi) Immediate use of asset.

(xix) Factoring

Factoring is a financing source that allows a business owner to raise fund based on the value of his or her invoices yet to be paid. Under factoring arrangement, an entrepreneur can outsource their sales ledger operations and maximize the use of sophisticated credit rating systems for their funding. Factoring arrangement can be with or without recourse. It is with recourse if the factor company collects the amount due from other means upon the default of the debtor and without recourse, if the factor company bears the consequence upon default of the debtor.

(xx) Microfinance Banks

The establishment of microfinance banks is meant to expand the financial infrastructure of the country so as to meet the financial requirements of the Micro, Small and Medium Enterprises (MSMEs).

(xxi) Public Offerings

Public offering is a financing option that is only available to companies that are well established. Businesses with sustainable growth potentials in the course of expanding their businesses might decide to use public offerings by 'going public' to raise required funds for their business operations. Public offering usually starts with selling of equity holding to the public and this is called initial public offering (IPO) in which stock is registered with the Securities and Exchange Commission (SEC). This is usually offered to the public through a registered Brokerage firm or an investment Banker and this gives the organization the opportunity to trade its shares in the floor of the stock exchange market. Public offerings usually result in long term sources of funds which include the following:

(a) ordinary shares

(b) preference shares

(c) debentures

(xxii) Small Business Investment Organizations. These can be government owned or private owned with debts being government guaranteed. Small business investment organizations can be regular or specialized, for example, giving loans only to agro-business or manufacturing firms, business research, product research and development, business start-ups and minority/vulnerable groups. Unlike traditional venture capital companies, they use private funds or government funds to provide both for debt and equity financing to small businesses. Examples of institutions under this category are – Small and Medium Industries Equity Investment Scheme (SMIEIS), Central Bank of Nigeria (CBN, National Economic Reconstruction Fund (NERFUND),

National Bank for Commerce and Industry (NBCI), Small Scale Industries Credit Scheme (SSICS).

INTERNAL AND EXTERNAL SOURCES OF FUNDS

Internal financing is the term for a firm using its profits as a source of capital for new investment, rather than distributing them to firm's owners or other investors and obtaining capital elsewhere while external financing consists of new money from outside of the firm brought in for investment. External financing is generally thought to be more expensive than internal financing, because the firm often has to pay a transaction cost to obtain it. Internal financing is generally thought to be less expensive for the firm than external financing because the firm does not have to incur transaction costs to obtain it, nor does it have to pay the taxes associated with paying dividends.

Advantages and Disadvantages of internal financing

Advantages of internal sources of finance include the following:

i. capital is immediately available;

ii there is no interest payable on such fund;

iii. there is no control procedures regarding the credit worthiness of the owners; and

iv there is no third party's influence.

Disadvantages of internally sourced funds

i. It is somehow expensive.

ii. It does not easily increase capital.

iii. It is not as flexible as external financing.

iv. It is not tax-deductible.

v. It is limited in volume because it is subject to the capability of the owner(s) to raise fund internally.

FORMAL AND INFORMAL SOURCES OF FUNDS

Formal sources of funds represent those institutions that are registered with appropriate authorities to transact the business of finance with entrepreneurs. Examples of formal sources of funds include loans from commercial banks, insurance company etc. Formal financial services are usually provided by financial institutions that are controlled by the government and subject to banking regulations and supervision. On the other hand, informal sources of funds are provided outside the structure of government regulations and supervision. Examples of informal sources of funds include those groups or individuals that are involved in loan disbursement with little or no formal regulations e.g. Esusu, thrift savings scheme, cooperative society etc.

Advantages of formal sources of finance

(i) Provides proper guidelines and documentation for loans.

(ii) Business advisory support from the banks that is lending.

(iii) Helps the entrepreneur to stay focused on the business because of interest rates.

Advantages of informal sources of finance

(i) It helps entrepreneurs to have easy access to funding.

(ii) Less documentation is involved in loan process.

(iii) Entrepreneurs do not stand the risk of loss of assets or business to the institution.

MODULE 4: MARKETING FOR BOTH SMALL AND LARGE BUSINESSES

Marketing is a specialist activity that influences the success of any organization whether small or large. In very pedestrian language, marketing can be conceptualized as a process that enables people obtain their needs or wants from organizations that have developed products or services that will help satisfy these needs or wants of people. These products or services are offered to people who are at liberty to exchange them for something of value. The implication of this definition is that successful marketing rests on the premise that proper need assessment has to be carried out to determine what the market desires or is lacking. Then, a product is conceived and designed to fill that gap and priced appropriately and communicated to the market and made available with minimum inconvenience for the customer. The language in marketing is deliberately general. For instance, purchasers are referred to as customers, though a service organization such as a firm of accountants will call them clients; telecommunication company will call them subscribers; a school will call them students; a hospital will call them patients and a hotel will call them guests. Similarly, a product may well be a service but the word product is often used to refer to both.

Small Business Marketing: Marketing forms the cornerstone for the initiation, growth and subsequent profitability of a small business. Without marketing and a marketing strategy, a business cannot survive and prosper. For the entrepreneur or small business owner, marketing is a matter of determining demand, matching a product or service with customer needs, and promoting those attributes in the marketplace to produce sales and make profit in the process.

Differences between Small Business Marketing and Large Business Marketing

a) Budget Constraints: Small business is operating on a lean budget particularly as it relates to marketing plan. The huge organizations sometimes called corporate titans, have astronomical budgets to cover their promotions. In essence, they have the wherewithal to send out effective messages which are often sent to a mass audience. In the case of the small business operator, they are better able to send out personalized messages and distribute in a manner that guarantees a better chance of reaching their audience.

b) Staffing: When you peruse through the organogram of a big corporation like Globacom Nigeria Limited, you will find the Commercial Director Marketing at the helm of affairs. He has six Divisional Directors with six Business Development Managers assisting them. Then there are 48 Global Business Directors across the country and well over 50 Area Managers across the 36 states in the country. In addition to these, you will find several professionals that bother on other aspects that bother on the customer. In contrast, small businesses combine marketing with the leadership role. The organization chart of a small business puts responsibility for marketing in the top box, where the business owner manages the process as a hands-on task. In essence, you will not have the luxury of professionals as in the Globacom example.

c) Differences in Creativity: Large companies like Cadbury Nigeria Plc. routinely require millions of Naira to produce advertorials with the single purpose of establishing brand awareness and market orientation. Small businesses adopt a significantly different method. They strive to establish brand awareness just like Cadbury does, but their advertisements have to fulfill two tasks. One, the expenditure has to provide direct and measurable marketing action. Two, each action has to stir adequate buying activity to compensate the expenditure involve in producing and running the advertisement in the first place.

d) Differences on Strategy: In large companies like Nigerian Bottling Company Plc. documents of business plans are numerous and probably found on bookshelves in the company. In the case of small businesses, the term marketing plan may sound amazing. Interestingly, a marketing work plan is quite simple and fairly manageable. If you spend a bit of your time to design your annual marketing plan, then implementation of this plan becomes really easy. Note that without a proper marketing plan, you will spend the year racing around to deal with competitive actions, media opportunities and market conditions that may or may not match your present business expectations.

e) Customer Interaction: Small businesses have the capacity to interact directly with their customers, get to know them on a personal level, and learn exactly what their needs are. More often than not, large organizations do not have this luxury. As entrepreneur, you may occasionally envy the huge budget and staffing of large organizations, but being small has its own unique advantages. Imagine the complexity of Cadbury Nigeria Plc. trying to understand and know its numerous customers. Meanwhile, you are able to meet with your customers personally perhaps on a daily basis at virtually no extra cost to you. Since the significant point of marketing is to establish and sustain customer loyalty, it stands to reason that nothing is more adaptable, more resilient and more flexible than the small business.

MARKETING MIX IN NEW VENTURES

Marketing mix is the unique blend of the elements of marketing that will apply to the business. These elements are: product or service itself; the location of the business; the distribution methods adopted by the business; the price at which the products will be sold; the advertising and promotion alternatives available to the business; and how the product will be sold as well as the level of customer service to be provided. These elements are often summarized and commonly referred to as the 4Ps - product, price, promotion and place. The understanding of these elements and flair with which they are mixed is fundamental. In essence, creativity and imagination must be brought to bear. If this is done well, it will put the organization ahead of the competition.

Product: This is anything offered that is capable of satisfying a particular need or want. Products in the context of marketing discourse are tangible and when you pay for them you hold onto something that you can see, touch and feel. It is important for entrepreneurs to understand people never buy products but buy benefits. The term product is used to cover both tangibles and intangibles (services). Product decisions require looking at the following areas: product mix; product features and product support.

a) Product mix: This covers the range of products offered for sale by the organization. In essence, an organization could have one or more product lines. To determine the product mix, it is important that small business owners engage in marketing research by way of need assessment to determine what people lack or what is currently not being delivered. It also entails knowing what kind of stock to have, what kind of customers you will want to serve, what do they like to buy and how they want to buy.

b) Product features: It is important for the entrepreneur to remember that customer perception will determine success rather than what he sees in his product. Product features include colour, packaging, labels, quality, options, style design, brand names, freshness, consistency, sizes, durability, ingredients and product image among others. For services issues that bother on promptness, efficiency, expertise, reliability, guarantees, house-call, specialization, and pick up delivery among others are very fundamental.

c) Product support: For a business, a sale may be an end result but for the customer it is just the beginning because he may have challenges with the product from time to time or the service he is seeking may be too complicated for him to understand. For these reasons, he will require help by way of support from the bearing in mind that support will to a large extent determine repeat patronage. Examples of support services include; pre-sale advices, installation, reliable delivery, prompt follow up, availability of spare parts and after-sales service.

Place: In marketing, a business must have the right product, at the appropriate time and price, and in the right place. In this context, place refers to two aspects; location and distribution. Location as a component of marketing mix is critical to some and almost irrelevant to others.

For example it is critical to a retailer but not necessarily to a “pure water company”. The cardinal rule for many business owners is to locate the business where the market is.

It is important to know what kinds of persons are likely to be the customers for the goods / services on offer. This is not to say that other factors are not important. For a manufacturing concern, access to raw materials is key as well as the availability of skilled labour. Distribution has to do with the channels used to resolve the question of how the products reach the customers - the place where the purchase will be made.

Rarely do organizations deal directly with the final user of their products – consumer. Very often they have to rely on marketing intermediaries (wholesalers and retailers) who join together to transport and store goods in their path from producers to consumers. The small business owner must recognize that there is a constantly changing market and the distribution system represents an investment and is an asset to the business.

Promotion: This encompasses everything to do with the way an organization communicates persuasively with people to influence them towards making a purchase. Marketers use many different tools to promote their products and services. Promotion is sometimes seen as the most important part of marketing; certainly it is the most visible, with elements of it – advertisements, posters and so on – all around. It should be known that even the producer of the best product or service will do no business if no one knows it exists. Similarly promoting a bad product is certainly the fastest way to kill it. The combination of promotional tools an organization uses is called its promotional mix.

a) Advertising: This is a non personal communication through various media by organizations and individuals who are in some way identified in the advertising message. The medium of advertising include; television, radio, handbills, billboards (electronic and non-electronic), newspapers, magazines, music and internet. The best medium is a function of the product being advertised and the target customers to be reached. Advertising is carried out with the following objectives in mind: informing potential customers of a new offering; increasing the frequency of purchase; increasing the use of a product; increasing the quantity purchased; increasing frequency of replacement; presenting a promotional programme; bringing a family of products together; and making the organization's range of offerings known. In summary, advertising can help promote a business but it is important to be aware that it has its limitations. Some small business owners believe that if their business is failing they can advertise their way out the problem. Sadly, this is not the case because advertising cannot force people to buy unneeded goods and services. If the business is in the wrong market advertising will not be able to help. Furthermore, it cannot improve an inferior product. If the product is not adequate or does not fit the overall marketing mix, advertising cannot compensate.

b) Personal selling: This is face-to-face presentation and promotion of products and services. It also involves the search for new prospects and follow-up service after the sale. Effective selling is not simply a matter of persuading others to buy. In fact it is more accurately described as helping others to satisfy their wants and needs. The major strength of personal selling over advertising is that it provides a two way communication where the prospect can ask questions and seek clarification where necessary as against advertising which is strictly one way. For large businesses this medium is very expensive because their customers are spread all over as against the small business operator who usually has direct access to his customers and sees them often.

c) Public relations: This is defined as the function that evaluates public attitudes, changes policies and procedures in response to the public's requests, and executes a programme of action and information to earn a public understanding and acceptance. In essence, a good public relations (PR) programme has three steps.

(1) Listen to the public through marketing research.
(2) Change policies and procedures to accommodate the concerns and aspirations of the public.
(3) Inform people that you are being responsive to their needs.

d) Publicity: This is talking arm of PR. It is one of the major functions of almost all organizations. Publicity is any information about an individual, product or organization that is distributed to the public through the media and that is not paid for, or controlled by the seller. In essence, it can be viewed as a form of free advertising.

e) Sales promotion: Sales promotions (SP) are used to help promote the sale of the product or service. They are generally put into place for short time periods to achieve customer attention and sales. SP is considered very effective because it creates instant demand booster and leverages on the weakness of the average customer – greed – which makes him buy certain products that he may ordinarily not want to buy at the time or may not buy that much quantity. SP campaigns could be used in the following scenarios;

(1) To move products or services that has slowed down probably created by loss of buyer interest or change of buying season.
(2) To win back customers who have moved to competitors for reasons such as price, delivery of product, pedestrian packaging among others.

(3) To launch new products. This allows the customers to experience the new product or service.

In essence, it encourages new product trials and brand switching. SP could be deployed in different ways but some of the very prominent ones include:

- Offering a special price reduction for a given period;
- selling two items for the price of one;
- adding a product on or in another product without charging for the added on product;
- giving out free samples;
- sponsoring a game or a contest and organizing raffle draws for those that qualify based on volume of purchases made over a period of time.

  Note that the list is endless and only needs some marketing imagination and flair to make a successful promotion.

Price: The phrase that goes mostly with cheap is poor quality, yet everyone wants a bargain. In many ways way can think of price in terms of value. People are willing to pay a price that is commensurate with the value to them of a product or service. When you focus on making improvements in these areas, you will be increasing the value of your offerings to customers, and that will allow you to charge a price that you and your customers will consider reasonable. In consumer psychology, the tendency is to see high price as connoting high quality and low price as connoting low quality. This may not necessarily be true in all cases but it always tends to influence our judgement during purchase decisions. It should be noted that the term price could be used differently depending on the sector and the context. For example, all these refer to the amount you pay in exchange for the value received.

- Guest Lecturer - Honorarium
- Apartment - Rent
- Doctor - Consultation Fee
- Highway - Toll
- Import / Export - Duty
- PHCN / GSM - Tariff
- Insurance - Premium
- Association - Dues
- Bank - Interest
- School - Tuition

Factors Affecting Price

Competition in the market and marketing strategies: In free market economies, the level of competition in the market place has a great influence on prices charged. The pricing structure should reflect the competitive strategy the business has adopted. For example, to be a cost leader, low prices will be the marketing tool to use to gain market share. Alternatively, if the strategy is differentiation then the business owner must develop an “exclusive” image and be able to charge more for the product or service. If the marketing strategy is penetration then the business will consider a drop in price to induce new customers to purchase the product offered.

Demand for your product: Generally the demand for most products varies with price. Usually at high prices customers purchase less, where at low prices customers purchase more. Some products or services are price insensitive, i.e. the price can be increased without having much effect on demand. For other products if the price in increased it can have a huge gap on demand. These products are said to be price sensitive.

Introducing a new product: The launching of a product that is novel in the market can be an opportunity for a business to charge a premium without a backlash from the market. This enables recovery of some of the costs that are associated with the introduction of the new product or service. After the introduction it may be possible for the business to maintain a high price until a competitor counters with something similar and the price may then need to be adjusted to ensure a reasonable share of sales.

INTERNATIONAL MARKETING

International marketing is the process of planning and conducting transactions across national borders to create exchanges that satisfy the objectives of individuals and organizations. International marketing has forms ranging from export-import trade to licensing, joint ventures, wholly owned subsidiaries, management contracting among others. International marketing very much retains the basic tenets of ‘satisfaction” and “exchange”. Standardization Vs. Adaptation

This addresses the concern of whether companies should have identical products in all countries or develop products to satisfy local tastes and desires. In the discourse of International marketing, standardization is sometimes used interchangeably with globalization i.e. treating entire market as a single one for both production and marketing reasons.

Modes of Market Entry

There are three broad strategies for foreign market entry and each one involves its own level of commitment, risk and degree of profit. These are Exporting, Joint Venturing and Direct Investment.

Exporting: This is the process of sending items, services or persons from one country to another in return for goods, money or services. This involves occasional and active exporting of goods and services. Occasional exporting is a passive level of investment where the company exports surpluses from time to time and sells goods to resident buyers representing foreign countries. On the other hand, active exporting takes place when the company makes a commitment to expand exports to a particular market. However, in either of the two cases, the company produces all of its goods in the home country and may or may not modify them before exporting.

Joint Venturing

Joint venturing is the second method of entering a foreign market by teaming up with foreign nationals to set up production and marketing facilities. Joint venturing differs from exporting in that a partnership is formed that leads to some production facilities abroad, and it differs from direct investment in that an association is formed with someone in the country. A joint venture is the association of two or more people to carry out a particular business or contract.

A joint venture can be formed in four ways:

Licensing: - This represents a simple way for a manufacturer to become involved in international marketing. The licensor enters an agreement with a licensee in the foreign market, offering the right to use manufacturing process, trademarks, patent, trade secret or other item of value for a fee or royalty. The licensor improves his market coverage at a little risk, while the licensee gains production expertise or a well-known product or name without having to start from scratch. Example franchising – KFC in Nigeria.

Contract Manufacturing: This involves a contract with local manufacturers to produce the products, which the seller sells. It has the drawback of less control over the manufacturing process and the loss of potential profits on manufacturing. On the other hand, it offers the company a chance to start faster, with less risk and with the opportunities to form a partnership or buy out the local manufacturer at a later date.

Management Contracting: Here a foreign firm is invited to help run a venture on behalf of a domestic firm. In this arrangement, the domestic firm usually provides the capital while the foreign counterpart provides the know-how. This is considered on the strength that the foreign firm is synonymous with exceptional skills in that particular line of business. They are normally paid a fee and may be allowed to buy some shares over a specified time frame. Example of management contracting – Hilton and hotel management.

Joint Ownership Ventures: In joint ownership ventures foreign investors join with local investors to create a local business in which they share joint ownership and control. The foreign investor may buy an interest in a local company, or a local company may buy an interest in an existing operation of a foreign company, or the two parties may form a new business venture. This may be necessitated due to political consideration or economic constraints or to satisfy a pre-condition for entry.

Direct Investment

The third strategy that could be employed in order to operate in a foreign market is through direct investment. In this the firm may invest in foreign-based assembly or manufacturing facilities by either building a new plant or buying substantial shares in an already existing plant, or completely buying over an existing plant. The following benefits are derivable to the foreign investor:

1. The firm may secure cost economies in the form of cheaper labour or raw materials, government investment incentives, freight savings, and tax concession, etc.
2. The firm will also gain a better image in the host country because it creates job opportunities to the local nationals.
3. The firm can develop a deeper relationship with the government, customers, local suppliers, and distributors, enabling it to adapt its products to the local market.
4. The firm retains full control over the investment and therefore, can develop manufacturing and marketing policies that serve its long-term international objectives.

However, it exposes a firm’s large investment to risk, such risks as devaluation of currency and worsening markets.

MODULE 4: MARKETING FOR BOTH SMALL AND LARGE BUSINESSES

Marketing is a specialist activity that influences the success of any organization whether small or large. In very pedestrian language, marketing can be conceptualized as a process that enables people obtain their needs or wants from organizations that have developed products or services that will help satisfy these needs or wants of people. These products or services are offered to people who are at liberty to exchange them for something of value. The implication of this definition is that successful marketing rests on the premise that proper need assessment has to be carried out to determine what the market desires or is lacking. Then, a product is conceived and designed to fill that gap and priced appropriately and communicated to the market and made available with minimum inconvenience for the customer. The language in marketing is deliberately general. For instance, purchasers are referred to as customers, though a service organization such as a firm of accountants will call them clients; telecommunication company will call them subscribers; a school will call them students; a hospital will call them patients and a hotel will call them guests. Similarly, a product may well be a service but the word product is often used to refer to both.

Small Business Marketing: Marketing forms the cornerstone for the initiation, growth and subsequent profitability of a small business. Without marketing and a marketing strategy, a business cannot survive and prosper. For the entrepreneur or small business owner, marketing is a matter of determining demand, matching a product or service with customer needs, and promoting those attributes in the marketplace to produce sales and make profit in the process.

Differences between Small Business Marketing and Large Business Marketing

a) Budget Constraints: Small business is operating on a lean budget particularly as it relates to marketing plan. The huge organizations sometimes called corporate titans, have astronomical budgets to cover their promotions. In essence, they have the wherewithal to send out effective messages which are often sent to a mass audience. In the case of the small business operator, they are better able to send out personalized messages and distribute in a manner that guarantees a better chance of reaching their audience.

b) Staffing: When you peruse through the organogram of a big corporation like Globacom Nigeria Limited, you will find the Commercial Director Marketing at the helm of affairs. He has six Divisional Directors with six Business Development Managers assisting them. Then there are 48 Global Business Directors across the country and well over 50 Area Managers across the 36 states in the country. In addition to these, you will find several professionals that bother on other aspects that bother on the customer. In contrast, small businesses combine marketing with the leadership role. The organization chart of a small business puts responsibility for marketing in the top box, where the business owner manages the process as a hands-on task. In essence, you will not have the luxury of professionals as in the Globacom example.

c) Differences in Creativity: Large companies like Cadbury Nigeria Plc. routinely require millions of Naira to produce advertorials with the single purpose of establishing brand awareness and market orientation. Small businesses adopt a significantly different method. They strive to establish brand awareness just like Cadbury does, but their advertisements have to fulfill two tasks. One, the expenditure has to provide direct and measurable marketing action. Two, each action has to stir adequate buying activity to compensate the expenditure involve in producing and running the advertisement in the first place.

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Marketing mix is the unique blend of the elements of marketing that will apply to the business. These elements are: product or service itself; the location of the business; the distribution methods adopted by the business; the price at which the products will be sold; the advertising and promotion alternatives available to the business; and how the product will be sold as well as the level of customer service to be provided. These elements are often summarized and commonly referred to as the 4Ps - product, price, promotion and place. The understanding of these elements and flair with which they are mixed is fundamental. In essence, creativity and imagination must be brought to bear. If this is done well, it will put the organization ahead of the competition.

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(1) Listen to the public through marketing research.
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- Offering a special price reduction for a given period;
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Factors Affecting Price

Competition in the market and marketing strategies: In free market economies, the level of competition in the market place has a great influence on prices charged. The pricing structure should reflect the competitive strategy the business has adopted. For example, to be a cost leader, low prices will be the marketing tool to use to gain market share. Alternatively, if the strategy is differentiation then the business owner must develop an "exclusive" image and be able to charge more for the product or service. If the marketing strategy is penetration then the business will consider a drop in price to induce new customers to purchase the product offered.

Demand for your product: Generally the demand for most products varies with price. Usually at high prices customers purchase less, where at low prices customers purchase more. Some products or services are price insensitive, i.e. the price can be increased without having much effect on demand. For other products if the price in increased it can have a huge gap on demand. These products are said to be price sensitive.

Introducing a new product: The launching of a product that is novel in the market can be an opportunity for a business to charge a premium without a backlash from the market. This enables recovery of some of the costs that are associated with the introduction of the new product or service. After the introduction it may be possible for the business to maintain a high price until a competitor counters with something similar and the price may then need to be adjusted to ensure a reasonable share of sales.

INTERNATIONAL MARKETING

International marketing is the process of planning and conducting transactions across national borders to create exchanges that satisfy the objectives of individuals and organizations. International marketing has forms ranging from export-import trade to licensing, joint ventures, wholly owned subsidiaries, management contracting among others. International marketing very much retains the basic tenets of 'satisfaction" and "exchange". Standardization Vs. Adaptation

This addresses the concern of whether companies should have identical products in all countries or develop products to satisfy local tastes and desires. In the discourse of International marketing, standardization is sometimes used interchangeably with globalization i.e. treating entire market as a single one for both production and marketing reasons.

Modes of Market Entry

There are three broad strategies for foreign market entry and each one involves its own level of commitment, risk and degree of profit. These are Exporting, Joint Venturing and Direct Investment.

Exporting: This is the process of sending items, services or persons from one country to another in return for goods, money or services. This involves occasional and active exporting of goods and services. Occasional exporting is a passive level of investment where the company exports surpluses from time to time and sells goods to resident buyers representing foreign countries. On the other hand, active exporting takes place when the company makes a commitment to expand exports to a particular market. However, in either of the two cases, the company produces all of its goods in the home country and may or may not modify them before exporting.

Joint Venturing

Joint venturing is the second method of entering a foreign market by teaming up with foreign nationals to set up production and marketing facilities. Joint venturing differs from exporting in that a partnership is formed that leads to some production facilities abroad, and it differs from direct investment in that an association is formed with someone in the country. A joint venture is the association of two or more people to carry out a particular business or contract.

A joint venture can be formed in four ways:

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MARKETING MIX IN NEW VENTURES

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- School - Tuition

Factors Affecting Price

Competition in the market and marketing strategies: In free market economies, the level of competition in the market place has a great influence on prices charged. The pricing structure should reflect the competitive strategy the business has adopted. For example, to be a cost leader, low prices will be the marketing tool to use to gain market share. Alternatively, if the strategy is differentiation then the business owner must develop an "exclusive" image and be able to charge more for the product or service. If the marketing strategy is penetration then the business will consider a drop in price to induce new customers to purchase the product offered.

Demand for your product: Generally the demand for most products varies with price. Usually at high prices customers purchase less, where at low prices customers purchase more. Some products or services are price insensitive, i.e. the price can be increased without having much effect on demand. For other products if the price in increased it can have a huge gap on demand. These products are said to be price sensitive.

Introducing a new product: The launching of a product that is novel in the market can be an opportunity for a business to charge a premium without a backlash from the market. This enables recovery of some of the costs that are associated with the introduction of the new product or service. After the introduction it may be possible for the business to maintain a high price until a competitor counters with something similar and the price may then need to be adjusted to ensure a reasonable share of sales.

INTERNATIONAL MARKETING

International marketing is the process of planning and conducting transactions across national borders to create exchanges that satisfy the objectives of individuals and organizations. International marketing has forms ranging from export-import trade to licensing, joint ventures, wholly owned subsidiaries, management contracting among others. International marketing very much retains the basic tenets of ‘satisfaction” and “exchange”. Standardization Vs. Adaptation
This addresses the concern of whether companies should have identical products in all countries or develop products to satisfy local tastes and desires. In the discourse of International marketing, standardization is sometimes used interchangeably with globalization i.e. treating entire market as a single one for both production and marketing reasons.

Modes of Market Entry

There are three broad strategies for foreign market entry and each one involves its own level of commitment, risk and degree of profit. These are Exporting, Joint Venturing and Direct Investment.

Exporting: This is the process of sending items, services or persons from one country to another in return for goods, money or services. This involves occasional and active exporting of goods and services. Occasional exporting is a passive level of investment where the company exports surpluses from time to time and sells goods to resident buyers representing foreign countries. On the other hand, active exporting takes place when the company makes a commitment to expand exports to a particular market. However, in either of the two cases, the company produces all of its goods in the home country and may or may not modify them before exporting.

Joint Venturing

Joint venturing is the second method of entering a foreign market by teaming up with foreign nationals to set up production and marketing facilities. Joint venturing differs from exporting in that a partnership is formed that leads to some production facilities abroad, and it differs from direct investment in that an association is formed with someone in the country. A joint venture is the association of two or more people to carry out a particular business or contract.

A joint venture can be formed in four ways:

Licensing: - This represents a simple way for a manufacturer to become involved in international marketing. The licensor enters an agreement with a licensee in the foreign market, offering the right to use manufacturing process, trademarks, patent, trade secret or other item of value for a fee or royalty. The licensor improves his market coverage at a little risk, while the licensee gains production expertise or a well-known product or name without having to start from scratch. Example franchising – KFC in Nigeria.

Contract Manufacturing: This involves a contract with local manufacturers to produce the products, which the seller sells. It has the drawback of less control over the manufacturing process and the loss of potential profits on manufacturing. On the other hand, it offers the company a chance to start faster, with less risk and with the opportunities to form a partnership or buy out the local manufacturer at a later date.

Management Contracting: Here a foreign firm is invited to help run a venture on behalf of a domestic firm. In this arrangement, the domestic firm usually provides the capital while the foreign counterpart provides the know-how. This is considered on the strength that the foreign firm is synonymous with exceptional skills in that particular line of business. They are normally paid a fee and may be allowed to buy some shares over a specified time frame. Example of management contracting – Hilton and hotel management.

Joint Ownership Ventures: In joint ownership ventures foreign investors join with local investors to create a local business in which they share joint ownership and control. The foreign investor may buy an interest in a local company, or a local company may buy an interest in an existing operation of a foreign company, or the two parties may form a new business venture. This may be necessitated due to political consideration or economic constraints or to satisfy a pre-condition for entry.

Direct Investment

The third strategy that could be employed in order to operate in a foreign market is through direct investment. In this the firm may invest in foreign-based assembly or manufacturing facilities by either building a new plant or buying substantial shares in an already existing plant, or completely buying over an existing plant. The following benefits are derivable to the foreign investor:

1. The firm may secure cost economies in the form of cheaper labour or raw materials, government investment incentives, freight savings, and tax concession, etc.
2. The firm will also gain a better image in the host country because it creates job opportunities to the local nationals.
3. The firm can develop a deeper relationship with the government, customers, local suppliers, and distributors, enabling it to adapt its products to the local market.
4. The firm retains full control over the investment and therefore, can develop manufacturing and marketing policies that serve its long-term international objectives.

However, it exposes a firm's large investment to risk, such risks as devaluation of currency and worsening markets.

MODULE 7: MANAGING TRANSITION: FROM START UP TO GROWTH

In business, change is the way things will be different, and transition is how you move people through the stages to make change work. Efforts at leading change, however, can be serious, if not outright disastrous, unless the entrepreneurs manage transition. Yet managing transition well is often the most neglected part of a change initiative (Stevens, 2008). The steps involved are identifying the needs, setting up the transition team, laying out the plan, getting inputs from stakeholders, finalising the plan, clearing the path and marking the progress of the transition by milestones.

TRANSITION IN BUSINESS AND PHASES OF BUSINESS GROWTH

The Phases of Business Growth

Most people agree that organizations have a life cycle; that, like people, businesses pass through some identifiable stages.

Phase one: Start up/infancy (growth through creativity)

An overview for this phase is that the entrepreneurs who founded the firm are busy creating products and opening up markets. There aren't many staff, so informal communication works fine, and rewards for long hours are probably through profit share or stock options.

Major functions of a Start-up Entrepreneur:

1. Mentoring and Being Mentored
2. Teaching everything he knows to his employees that will make the business to grow
3. Setting business targets

To transit from start up to growth, the entrepreneur must:

i. be flexible- for instance, flexible to try different marketing strategy;
ii. ask for advice from smart people;
iii. make sales his top priority; and
iv. discover their optimum selling strategy- this might be a combination of media, pricing and quality.

Basic challenges of Start-up phase: Completing a sound business plan; pitching the business plan with confidence to people who can help; finding the first customers; having a team that work together well; delays in processing intellectual property protection claims; managing cash flow effectively; finding the funding required for your business start-up costs; insufficient cash; creating a business not a job; gaining marketplace acceptance and support – from your family, friends and customers.

Phase two: Fast growth/childhood (growth through direction)

An overview for this phase is that growth continues in an environment of more formal communications, budgets and focus on separate activities like marketing and production. Incentive schemes replace stock as a financial reward. The fast growth/childhood phase of business is characterized by an increase in employee size and income. The main task should be on aggressive proliferation of new products or goods and services. The manager/entrepreneur is to focus on how to double the business revenue.

How to manage fast growth/childhood and double business revenue:

1. Create new adaptations of products/services that customers already know and love
2. Work hard
3. Work with smart people
4. Find a productive way to engage your employees so that you become a group that reproduces great products/services
5. Increase the speed in the delivery of goods and services

Formula for Creative Brainstorming:

1. Have a team of 3-8 persons
2. Have a limited amount of time (1-3 hours)
3. Have an agenda/goals and objectives
4. Let everyone contribute
5. Have strict rules- such as time limit for each contribution, no specific criticism, be positive
6. Encourage a culture of creativity in solving problems

Basic challenges for fast growth/childhood phase: Having the discipline to maintain a narrow strategic focus; transitioning from owner to leader; confronting future growth; managing cash flow effectively; founder conflicts on roles and tasks; sticking to product schedules; building and growing a customer base; having the right business leadership skills; and getting overwhelmed by growth.

Phase three: Adolescent (growth through delegation)

This is characterized by more employees and revenue. The focus of the Entrepreneur is fostering growth through delegation.

Functions of the Entrepreneur:

1. Create an organizational chart or a corporate structure for the organization
2. Spend more time with the marketing manager and less time with others like 80% to 20%
3. Explain business objectives to the corporate managers, draft a report format and meet with each one every week

Basic challenges for Adolescent phase are: Evolving from being a manager of employees to a manager of managers; insufficient cash; keeping communications open; managing customers' expectations; delay in milestones delivery and running out of funds.

Phase four: Maturity (growth through coordination and monitoring)

An overview for this phase is that growth continues with the previously isolated business units re-organized into product groups or service practices. Investment finance is allocated centrally and managed according to Return on Investment (ROI) and not just profits. Incentives are shared through company-wide profit share schemes aligned to corporate goals. It is characterized by large number of employees.

Roles of an Entrepreneur:

1. Employee- contribute positively
2. Manager- develop procedures to get work done, supervision etc.
3. Business builder- articulate values, philosophy and vision, supervision
4. Wealth builder- determines what the company is worth and what to do to increase its worth.

Basic challenges for Maturity phase: choosing right kind of investors; managing customers' expectations and bureaucracy- team conflict.

Phase 5: Growth through collaboration

The formal controls are replaced by professional good sense as staff group and re-group flexibly in teams to deliver projects in a matrix structure supported by sophisticated information systems and team-based financial rewards. Further growth can only come by developing partnerships with complementary organizations.

Phase 6: Growth through extra-organizational solutions

Greiner's sixth phase suggests that growth may continue through merger, outsourcing, networks and other solutions involving other companies. Growth rates will vary between and even within phases. The duration of each phase depends almost totally on the rate of growth of the market in which the organization operates.

Managing Transition from Start up to Growth: The STARS Model

Business owners must make necessary changes from time to time and know how to manage transition effectively. The number one reason why most businesses (small and large) are failing today is that they do not recognize the need for a transition nor did they manage the transition effectively. Some business leaders, who know that there is a need to manage transition, do not know where to get started and how to make the changes that will ultimately lead to sustainable business success. Where to start is to acknowledge that all business ventures must have a start–up.

The STARS Model

The STARS model (Watkins 2003, 2009) provides a perspective on business evolution and development that identifies the most common business transition:

- Startup
- Turnaround
- Accelerating growth
- Realignment
- Sustaining success.

The ability to navigate successfully in each situation is crucial to the success of individual businesses.

Start-up stage: When starting a business, your focus should be on generating cash, gathering skilled labour for your business, product and marketing development, securing adequate inventory, and acquiring production technology. The challenges are in designing new production systems and business structures, selecting business strategies, recruiting, and building teams, all with limited resources. These are some of the most important aspects to be effectively managed during the start- up phase:

- Have good vision, get your vision right, get your strategies right and get your action plans right.
- Assemble a talented business team.
- Gather sufficient capital and operating cash.
- Work to remove problems in your production system.

Turnaround stage: A turnaround is critical when there is a need to save a failing business. It is similar to radical surgery to save the life of the business. The focus should be on business restructuring and obtaining external advice as needed.

Thus, what you need is to re-evaluate your business plan and make the necessary changes to the strategies, markets, products, or technologies that are not working. More importantly, you need to:

- Learn and understand what went wrong in the business and communicate it to your employees
- Remove any non-core business activities
- Make faster and bolder moves

- Clean house at the top
- Secure early wins
- Create supporting alliances

Managing and accelerating growth: There are times when entrepreneurs have to deal with the challenges and opportunities of increasing demand. Your focus should be on managing the pressures of scaling up production by ensuring the resources required, improving the existing systems, and creating new business structures.

Modify your business model for quicker response to market needs as follows:

- Organize to learn what is working
- Improve production systems
- Design new business structures as a way to ensure financing for expansion
- Implement new technologies
- Integrate new employees
- Establish priorities and focus on a few vital goals
- Build team leadership.

Sustaining growth/success: Some businesses reach their desired level of growth/success but struggle to sustain it. The focus should be on business- model innovation – developing a persistent competitive advantage through continuous improvement of the business model. An emphasis on innovative new products and plant quality has also helped companies to sustain their successes.

In order to sustain growth/ success, you also need to:

- Focus on your most productive areas for innovation
- Provide sustained benefits for all stakeholders
- Expand business-model innovation
- Pursue higher potential business-model improvements
- The entrepreneur should put in place: marketing plan and marketing strategies; a financial planning; a production plan; and a business plan.

Transition Managers and the Transition Management Process: Transition managers are in a unique position to facilitate the Transition Management Process, working simultaneously with new business development project teams, divisional interfaces and senior management. The steps to guide this process include:

- Setting/managing expectations among the interfaces including senior management and the project team;
- Encouraging open discussions about the challenges of transition;

- Establishing the strategic context for managing innovations;
- Identifying transition stages and issues;
- Building the transition management plan; and
- Facilitating business transition process.

Pitfalls in Managing Transitions from Start up to Growth: Success in business is never automatic. Starting a business is always risky, and the chance of success is slim. Regardless of the industry, failure is the result of either the lack of management skills or lack of proper capitalization or both. The common causes of failure in business transitions include:

- Choosing a business that isn't very profitable
- Inadequate cash reserves
- Failure to clearly define and understand your market, your customers, and your customers' buying habits
- Failure to price your product or service correctly
- Failure to adequately anticipate cash flow
- Failure to anticipate or react to competition, technology, or other changes in the marketplace
- Overgeneralization
- Over reliance on a few key customers
- Putting up with inadequate management
- Lack of experience of managers
- Poor cash flow management
- Absence of performance monitoring
- Over borrowing and poor debtor management
- Lack of financial skills and planning
- Failure to innovate
- Poor inventory management
- Poor communications throughout the organization
- Competition
- Poor location and low sales
- Over investments in fixed assets
- Personal use of business funds and
- Unexpected growth (Mason, 2012).

DECISION MAKING IN BUSINESS TRANSITION

A decision is a choice made from at least two alternatives while decision- making involves the selection of one alternative from two or more possible alternatives, based upon some criteria. Decisions can either be programmed or non-programmed. However, to make an effective decision, a manager should create a constructive environment, generate good alternatives, explore these alternatives, choose the best alternative, check the decision, communicate the decision, and take necessary actions.

Definition of Decision Making: Decision-making is the process of identifying and selecting a course of action to solve a specific problem.

Simple decisions usually need a simple decision-making process. But difficult decisions typically involve issues like these:

- Uncertainty - Many facts may not be known.
- Complexity - You have to consider many interrelated factors.
- High-risk consequences - The impact of the decision may be significant.
- Alternatives - Each has its own set of uncertainties and consequences.
- Interpersonal issues - It can be difficult to predict how other people will react.

The Characteristics of Decision-Making

- Decision-making permeates all management.
- It is essential to the operation of the management process in any form of organizational setting.
- It involves judgment.
- It includes risk and uncertainty, since it deals with future values.

The basic process of rational decision-making involves diagnosing and defining the problem, gathering and analysing the facts relevant to the problem, developing and evaluating alternative solutions to the problem, seeking the most satisfactory alternative, and converting this alternative into action.

Conditions under which Managers make Decisions

In general, managers make decisions under three possible conditions, namely: certainty, risk and uncertainty. Each of these conditions is briefly discussed below.

BUSINESS CONTROL

What is business control? This is the process of measuring and correcting the activities of subordinates to ensure that plans are completed and goals are achieved. Control is implemented by comparing actual results to planned results and correcting any significant differences. Managers control their organization by continually monitoring the use and performance of resources especially money and people.

Controlling can be defined as the task of ensuring that the firm's objectives are being achieved. It entails establishing standards, comparing performance against these standards and correcting deviations. Standards are set during the planning process. Standards form part of the objectives of the company. Standards are therefore set as at the time the objectives are set. The control process can therefore be said to start with the formulation of objectives.

Different types of control include the following:
1. Financial control
2. Inventory control
3. Quality control
4. Credit control

Controlling Techniques

A variety of tools and techniques have been used over the years to help managers in controlling their operations. Three of such tools are:
1. Budgeting
2. Break-even analysis
3. Financial analysis

The business control process involves several activities:
• establishing performance standards;
• reporting or monitoring performance;
• comparing performance against standards;
• identifying unsatisfactory performance; and
• pursuing appropriate action to correct significant deviations in performance.

PERSONAL DISCIPLINE IN BUSINESS TRANSITION

Self-discipline will ensure that your thoughts are translated to actions during the most difficult times in business. It involves deciding what you want, writing it down, setting a deadline, organising the lists of things to do to achieve your goal by sequence and priority, taking steps daily in the direction of the goal