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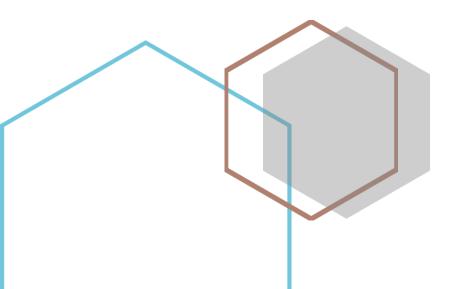
# ENTREPRENEURSHIP, REGIONAL DEVELOPMENT AND CLUSTER FORMATION

Learning Module

Integrating Talent Development into Innovation Ecosystems in Higher Education

586227-EPP-1-2017-1-BG-EPP





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This module is designed to help students learn how to manage the process of transforming innovative ideas and technologies into market-ready products and business opportunities.

It is intended to develop entrepreneurial readiness, highlevel knowledge and skills for cocreation in innovation, i.e. it should be viewed as a tool for the development of high-level talent and employability among students.

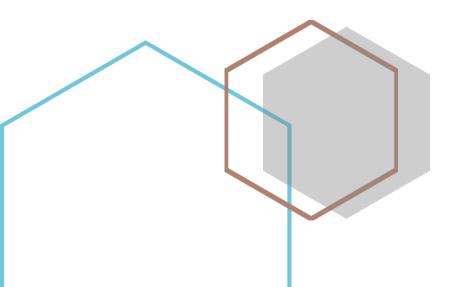
The module can be used as a teaching resource and could be of use to university faculty.



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Entrepreneurship: Recognizing and Evaluating Entrepreneurial Opportunities





#### INTRODUCTION

While entrepreneurship is widely considered to be a key factor for economic growth and development, there is continuous debate about the factors that influence entrepreneurial success. A key concept in this process is the concept of entrepreneurial opportunity, which can be defined as market imperfections that allow agents to obtain economic benefits by introducing new and/or improved offerings to better serve customer needs.

Often, it is not easy to estimate or project appropriate data for opportunity evaluation, so entrepreneurs have to rely more on qualitative analysis of possible outcomes. Experimental exploration might be one way for the entrepreneur to move forward. Experience and knowledge play an important role and increase the chances of success. One common assessment tool used by entrepreneurs is the Industry Analysis tool. It is used by entrepreneurs and analysts to understand the competitive dynamics of an industry and is a good way to identify both opportunities and threats. It provides a good approach toward developing and assessing scenarios for the present and future of the industry and is often critical to survival and success in a rapidly changing business environment.

Similar to Industry Analysis, Environmental Analysis is defined as the process by which a business monitors the economic, governmental, legal, institutional, market, supplier, technological, geographic, and social settings to determine opportunities and threats. The international environment is very important as markets have become global for most goods, many services, and especially for financial instruments of all types.

Equally important is international marketing. In international marketing, the traditional business model typical of the mass media era is now under challenge from the new forms of social communication afforded by the internet. Taking into account that there are more than 2.5 billion social media accounts globally, it is easy to understand the important role of social media in marketing in general and in international marketing in particular.

While entrepreneurship is unanimously considered to be a key factor for economic growth, development, innovation and job creation, there is much less agreement about the factors that influence entrepreneurial success. Similarly, there is a lot of discussion about what traits and

characteristics can be attributed to an entrepreneur.

Over the years, many personality traits and characteristics have been attributed to entrepreneurs and have often been used as a way to predict and explain entrepreneurial success. Studies trying to identify personality traits as a source of entrepreneurial success have ultimately produced little results (Aldrich & Wiedenmayer, 1993). However, more recent research that emphasizes skills and behavior, rather than traits, seems to be more to the point. Behaviors are not only linked to certain traits and characteristics (usually more than one), thus taking them into





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ENTREPRENEURSHIP AND ENTREPRENEURIAL OPPORTUNITY



consideration, but also take into account other factors such as education, environment, etc.

Entrepreneurship is inextricably linked to the ability to identify (and pursue) opportunity. Entrepreneurs are, after all, those that spot, evaluate and pursue business opportunities. If the pursuit of an opportunity has a positive outcome, then we can describe it as a successful entrepreneurial venture. One key characteristic of opportunity is that it cannot be generalized and standardized (or else it would hardly be called an opportunity). What constitutes an opportunity, where opportunity can be found and what is the best way to pursue an emerging opportunity are all questions that are very difficult to answer. At best one can come up with general guidelines to pursuing opportunity and a set of useful tools (Birley & Muzyka, 2000).

But what is an opportunity in entrepreneurship? According to Eckhardt & Shane (2003), entrepreneurial opportunities can be defined as situations in which "new goods, services, raw materials, markets and organizing methods can be introduced through the formation of new means, ends or means-ends relationships", while, according to Spinelli S. Jr. & Adams R. (2011), opportunity is any concept or idea that, if turned into a product, service or a business process, will result in financial profit. That means that opportunity can be about a new technology or method that can lower costs, the penetration of a new market because of changing circumstances, the development of a new product or service that is new or superior to other products or services, the emergence of a need for a new product or service because of e.g. changing weather conditions, or anything else that can help create value in an entrepreneurial venture. Later definitions suggest that business opportunities "can be understood as market imperfections that allow agents to obtain economic benefits by introducing new and/or improved offerings to better serve customer needs" (Alvarez et al., 2013).

Opportunities exist on their own and can be spotted and pursued by anyone, but that does not mean that everyone perceives the same thing as opportunity or that everyone will be inclined to pursue an opportunity (Birley & Muzyka, 2000). Circumstances, priorities, skills and resources heavily affect both the identification of opportunities and their pursuit. And, of course, not all opportunities are the same in terms of risk, potential, difficulty, complexity, timeline, etc.

Entrepreneurial opportunity can be either actively searched for by entrepreneurs or discovered by design (or chance) through research or experimentation. The ability of an entrepreneur to identify such needs and optimally utilize resources to address them can be characterized as "entrepreneurial alertness" (Kirzner, 1997). Another important thing to remember about opportunity is that it will not be there forever, so identifying opportunity is not enough. Without pursuing an identified opportunity, you have no entrepreneurial activity. However, action must follow some kind of evaluation. So how can opportunities be evaluated?



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After an opportunity is identified, it is necessary to evaluate it. During evaluation, the entrepreneur (or potential entrepreneur) must assess whether what was initially perceived as an opportunity is actually an opportunity (in entrepreneurial terms) and decide whether or not to act on it and what is the best way to do so (Bhave, 1994; Keh et al., 2002). The entrepreneur may make use of formal planning tools such as business plans or market forecasts. When there are measurable expected results, a number for criteria can be applied in order to evaluate the business value of a perceived opportunity. These criteria include impact on the business sector and market, market share, profit and cost reduction projections, competitive advantage, viability, personal and social criteria, added value, etc. In this context, there are plenty of tools to be used, depending on the situation and the approach taken (Spinelli S. Jr. & Adams R., 2011).

But, as is most often the case, it is not very easy to estimate or project appropriate data for opportunity evaluation. Instead, one has to rely more on qualitative analysis of possible outcomes. Under such circumstances, experimental, iterative exploration might be the only way for the entrepreneur to move forward. This is where experience and knowledge play an important role and increase the chances of a successful evaluation. Common criteria for entrepreneurial opportunity evaluation include:

- Industry and market analysis
- Economic environment
- Competitive advantage
- Team and team management
- Strategy and differentiation
- Personal criteria

Industry Analysis is an assessment tool used by entrepreneurs to understand the competitive dynamics of an industry. It allows for understanding the demand and supply, the degree and nature of competition within the industry, competition between the industry and competitive industries, future prospects and possibilities, technological trends and changes, as well as other important factors that affect the industry (internally or externally). It provides a way to understand one's position relative to other players in the industry. It helps identify both opportunities and threats and provides a good way to develop and assess scenarios for the present and future of the industry. This is critical to survival and success in a rapidly changing business environment, as it gives insight to the differences between a business and its competitors. Of course, for any such information to be of use, a business needs to act on it.

There are three commonly used and important methods of performing industry analysis. The three methods are:

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INDUSTRY ANALYSIS AND BUSINESS ENVIRONMENT IN THE CONTEXT OF GLOBALIZATION, MARKETING AND COMMUNICATION



- Competitive Forces Model (Porter's 5 Forces)
- Broad Factors Analysis (PEST Analysis)
- SWOT Analysis.

Similar to the Industry analysis, Environmental Analysis is defined as the process by which a business monitors the economic, governmental, legal, institutional, market, supplier, technological, geographic, and social settings to determine opportunities and threats. It is now commonly accepted that the prospects of a business depend not only on its resources but also on the environment. An analysis of the strengths, weaknesses, opportunities and threats (SWOT) is very useful for business policy formulation.

The business environment comprises a microenvironment and a macro environment, with the microenvironment consisting of the actors in the company's immediate surrounding that affect the performance of the company (suppliers, competitors, customers, and the public). The macro environment consists of more general components such as the demographic, economic, natural, technological, political and cultural forces that influence society.

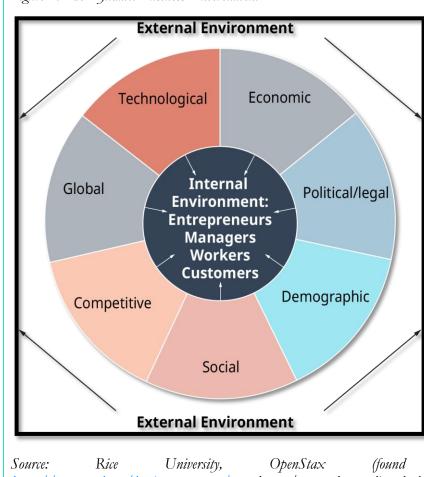
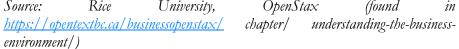


Figure 1: The Dynamic Business Environment



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The international environment is very important from the point of view of certain categories of business. It is particularly important for industries directly depending on imports or exports and for importcompeting industries. Any shift in foreign markets, or any change in foreign trade policies from a country or set of countries can have a major (positive or negative) effect. For example, trade restriction policies may adversely affect an export-oriented company, while more liberal policies may create new opportunities and open up new markets for the same company.

One of the most significant recent trends has been the continuing fastpaced growth of international business. Markets (and competition) have become global for most goods, for many services, and especially for financial instruments of all types. World product trade has expanded by more than 6 percent a year since 1950. During the past decades, the emergence of corporate giants in the world economy, mostly as a result of the latest technological developments, has led to globalization of production. Global corporations operate in the whole world, both in terms of production and market They move factors of production at will, depending on where they can be optimally utilized. Their ownership and management are transnational. But even for smaller companies (such as SMEs), dealing with international competition may not be matter of choice when survival is at stake.

Reasons for the rise of international business include the rapid increase in technology, the extremely low cost of transportation and decrease in transportation time, the possibilities opened up by the advancement of communication technologies and the rapid growth of ICTs, the liberal government policies on trade and resources, the development of institutions that support international trade, consumer needs and demands, as well as the increased global competition.

However, going international is not a simple task, as the global business environment has a number of characteristics that need to be taken into consideration:

- Global markets are complex, interdependent, dynamic and often unpredictable
- Many challenges exist, including politics, culture, and technology
- A balanced mix between social responsibility, company image, and competitive strategies must be achieved, with that balance being different in different parts of the world
- Global competition requires extensive networks.

With the international environment being very complex, a company that aims to perform globally needs to develop an international marketing strategy. International management and global business theory were initially mainly based on the experience of developed countries. However, with the realization that emerging markets are important for future economic and company growth, the focus has shifted to developing strategies for these markets, where the business environment





is quite different (Motohashi, 2015). Different countries need different approaches toward critical aspects of marketing such as market study and research, product / service policy, pricing policy, distribution channels and promotion. The main issues justifying the need for international marketing include:

- Political and legal diversities among different countries (e.g. policies regarding trading restrictions or agreements, level of political stability, monetary issues and currency stability)
- Cultural differences (e.g. religion, language, aesthetics, customs, social values and structures, education)
- Great market dispersion and market segments diversity
- Different levels of economic development (e.g. developed, developing and underdeveloped countries present different economic conditions and thus different opportunities and threats to be investigated by the marketers)
- Differentiation in trade practices and the entrepreneurial climate, often due to different cultures
- Different levels of technology and ICTs development (e.g. degree of internet and social media use, existence or lack of well-trained staff, degree of data availability for market research).

The traditional business model that guided marketing in the mass media era is now under challenge from the new forms of social communication afforded by the internet. Taking into account that there are more than 2.5 billion social media accounts globally, it is easy to understand the important current role of social media in marketing in general and international marketing in particular (Sinclair, 2015). But social media does not just offer access to an increasing number of potential customers. It also forces companies to adjust to market changes. Under the pressure of social media trends, demand for a product or service might increase in one country or decrease in another. Customers in a region might develop a taste for a version of a product that a company considers to be of lower quality or might give insight on what to develop next. Social media makes it relativity easy for businesses to pay attention to many markets at once and track the changes each of these markets experiences. As a result, business can be much more flexible in servicing these markets.

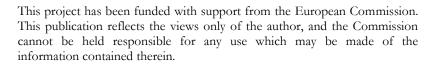
It is worth noting that China, the country with the world's fastestgrowing economy, is absent from all social media influence lists. This is because it has its own social networks. But while China has blocked Facebook and Twitter, this has not stopped Chinese businesses. For example, Twitter has opened an office in Hong Kong despite the ban, solely to help Chinese businesses on the mainland market their products and services overseas.





#### Journal of International Marketing FURTHER READING (https://journals.sagepub.com/home/jig) International Marketing Review (https://www.emerald.com/insight/publication/issn/0265-1335) Harvard Business Review - The Globalization of Markets (https://hbr.org/1983/05/the-globalization-of-markets) What is a SWOT Analysis (https://www.liveplan.com/blog/what-is-aswot-analysis-and-how-to-do-it-right-with-examples/) What is PESTLE Analysis (https://pestleanalysis.com/what-is-pestle-<u>analysis/</u>) Harvard Business Review - The Explainer: Porter's Five Forces (https://hbr.org/video/3590615226001/the-explainer-porters-fiveforces) Ardichvili A., Cardozo R. & Ray S. (2003), A Theory of Entrepreneurial Opportunity Identification and Development, Journal of Business Venturing, Volume 18, Issue 1, 105-123. pp. (https://econpapers.repec.org/article/eeejbvent/v 3a18 3av 3a2003 3 ai 3a1 3ap 3a105-123.htm) SUMMARY OF KEY Entrepreneurs have to identify, evaluate and pursue business POINTS opportunities. While opportunity cannot be generalized and standardized, there are methods and tools to increase the success rate of opportunity identification and exploitation Common criteria for entrepreneurial opportunity evaluation include: Industry and market analysis, economic environment, competitive advantage, team and team management, strategy and differentiation and personal criteria Industry Analysis is an assessment tool used to understand the competitive dynamics of an industry. It allows entrepreneurs to understand what is happening in an industry in regards to demand and supply, degree and nature of competition within the industry, competition of the industry with other emerging or competitive industries, future prospects, technological trends and changes and other important issues that affect the industry There are three commonly used and important methods of performing industry analysis, which are: a) Competitive Forces Model (Porter's 5 Forces), b) Broad Factors Analysis (PEST Analysis) and c) SWOT Analysis Environmental analysis is defined as the process by which a monitors the economic, governmental, legal, business institutional, market, supplier, technological, geographic, and social settings to determine opportunities and threats. Emphasis is put on the international environment as markets have become

global in most aspects



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CASE STUDIES / REAL-WORLD EXAMPLES

- In the current conditions of globalization, international marketing is also a very important factor for business success
- The internet and social media have challenged the traditional mass media model in marketing.

## The adaptation of Coca Cola to the Chinese Market

The Coca Cola Company was founded in 1886 in Atlanta, USA, and is now active in more than 200 countries. Its best-known product is the Coca Cola soft drink. Although this product has a high degree of standardization (and therefore little possibility of differentiation from market to market), the company's policy is summarized in the slogan "think local, act local", which leads to significant differences in the intangible main features of the product. The differences are largely related to the product's image in each market (www.thecocacolacompany.com/). The international practice of the company is to produce the concentrated syrup and give it to bottlers through a franchise contract in each country in which it operates. Bottlers bottle the syrup in aluminium containers or glass bottles with filtered water and sweeteners.

In China, initially only imports were made and only foreigners were allowed to sell the product at specific points of sale. In the early 1980s, the company built bottling plants in various parts of the country, which it handed over to the central government in exchange for better sales and disposal rights. This was followed by significant growth, with the company owning 24 bottling plants and two syrup factories in the country in the early 2000 (Weisert, 2001). Regarding the name of the product, as the language and acoustic perception of words in China differs significantly from Western standards, Coca Cola's first attempt to launch in the Chinese market failed. The product original name may be one of the most recognizable consumer symbols in the Western world, but in the ears of Chinese consumers it sounded as "bite the wax pollen". The company's approach was to take advantage of the potential of Chinese ideograms and sounds, creating a name close to the original name, which in Chinese sounds like "nice in taste, delicious in the mouth."

To promote an attractive product image in China, Coca-Cola focused on linking the product to bonding with family and friends. In traditional Chinese society, respect for family and friends is a key behavioural characteristic of all aspects of social life. Coca-Cola is characterized by the colour red, which in China is associated with happiness, prosperity and luck. So, for example, the use of Coca-Cola during a family meal, is marketed as something that contributes to the happiness and "good luck" of the family.

Task:

1. Students are asked to think of examples of other products on the local market that have failed and to think about the resins for their failure (not





responding to the right needs, not having the proper marketing strategy, etc.)

2. Students are asked to think of examples of other products on the local market that managed to adapt to the local market and be successful. If they cannot find such a product but were able to think of an unsuccessful product, they could instead develop a proposal for adaptation in order to make the product successful.

The above exercises are most suitable for team assignments, followed by group discussion.

## Creating a cult brand – Razer

Razer<sup>TM</sup> is one of the world's leading hardware brands for gamers. It was created back in 1998 by two young entrepreneurs, and its current legal entity, founded in 2005, maintains dual headquarters in California and Singapore. The company is remarkable for being able to quickly grow from a start-up to a global high-end brand by combining cutting-edge technology and a brilliant marketing strategy.

The distinguishing characteristic of the company is its dedication to the needs of gamers, succinctly summarized in the company slogan – "for gamers". The customers have responded with brand loyalty and dedication. The company has nearly 11 million followers on Facebook alone and is a go-to gaming and life-style choice brand for many of them.

Let us look at the main tenets of Razer's successful entrepreneurial strategy:

1. Razer responded to an unmet emerging consumer need and was the first to address a gap on the market. In 1999 Razer created the world's first gaming computer mouse, in 2005 – by integrating a precise, fast-transmitting sensor into a mouse – it created the first pro gaming mouse (designed for professional gamers and e-tournament players), and in 2010 it created the world's first mechanical keyboard for gaming. In its over 20 years of existence it has developed a variety of gaming hardware and accessories, addressing the differing and quickly evolving needs of serious gamers, while reflecting and experimenting with advances in technology. Despite the high price of all Razer products, they were extremely successful on the market as they delivered exactly the performance that Razer's specific type of customer wanted.

2. Razer has been staunchly dedicated to Research & Development and has invested into cutting-edge technology for its hardware. The company thrives on tech innovation. Among its current award-winning hardware are high-performance gaming peripherals and gaming laptops. Technical innovations that Razer brings to the consumer electronics market include the Opto-Mechanical<sup>TM</sup> Switches for keyboards, the THX spatial audio which is an advanced 7.1 Surround Sound technology with superior positional accuracy (Razer acquired Lucasfilm THX which created the technology), and the recent Razer HyperSense technology that syncs mouse, keyboard, headset and gaming chair in order to



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provide 360-degree haptic feedback. The company has created and develops also a software platform with over 100 million users, which includes an Internet of Things platform, Razer's own RGB lighting technology system that integrated the technology into gaming, and a game optimizer and launcher software. It has also launched a special gaming phone featuring a superior monitor refresh-rate and high-performing processor and RAM. Razer has won awards in the prestigious Consumer Electronics Show for an unprecedented seven years in a row, including People's Choice Award, Best PC, Best Gaming Device and Best Concept, as well as recognition from many leading tech reviewers such as PC Gamer, TechRadar and PC World.

3. The company has been continuously branching out to different market niches, while maintaining a focus on gaming and entertainment, and remaining committed to high quality, innovation and emerging technology. As already mentioned, it branched from gaming peripherals to gaming support software, gaming laptops, then gaming smartphones. It has recently also ventured into VR development. Committed to creating a true eco-system supportive of gamers, it has also expanded into credit services for gamers and even gamer apparel and gear.

4. Razer's products reflected an emerging cultural trend but in fact also helped further this trend. Razer started developing gaming products when gaming was on the whole not socially acceptable. However, the sleek and elegant design of the products created a peculiar aesthetic that actually made gaming devices – and gaming in general – look cool. This design has been a defining feature of Razer since the early years, along with attractive product names that set the products apart from the competition and are easy to remember. With gaming now becoming an increasingly widespread hobby and the gaming market rapidly expanding, the company is able to build an ever stronger customer base.

5. The company enthusiastically supports the gaming community and rejects aggressive marketing in favor of creating and promoting a unique culture. It sponsors game tournaments and professional players and works closely with YouTubers and streamers. Its stores are designed to create a relaxing experience for gamers by minimizing the "selling" element and prompting the gaming element, for example by organizing weekend tournaments. As a result, the popularity of the company is very much bolstered by word-of-mouth recommendation and advocacy by loyal fans and customers. Razer has been very open and enthusiastically engaged with its online community and has rejected the distant and superior image that characterizes the management and leaders of many global companies. The approach has also resulted in effective strategies for receiving customer feedback and listening to customer expectations.

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## for-gaming/

https://www.scmp.com/lifestyle/entertainment/article/3075879/cultrazer-story-tech-giant-took-pc-gaming-next-level

https://mashable.com/feature/best-tech-ces-2019/?europe=true#PoMnvTwUfaqN

## Tasks:

- 1. Students read the Razer case study and discuss the business environment and cultural context that made this entrepreneurial success possible. They are asked to identify the element of Razer's entrepreneurial strategy that they believe is most crucial for the market success. This exercise can be organized as a teambased assignment, followed by in-class discussion.
- 2. Razer's entrepreneurial strategy has been compared with Apple's entrepreneurial strategy and brand-building from some 15-20 years ago. Students are asked to research Apple's strategy back in the time when smartphones were just emerging on the market and compare it with Razer's strategy. They should draw conclusions about entrepreneurial approaches that work, and they should define the context in which they can work. This exercise could be organized as individual assignment that could result in a report or a presentation, or as team assignment that could result in team presentations and group discussions.
- 3. Students think about the applicability of Razer's strategy for businesses in their country. They discuss in groups which elements would prove ineffective (e.g. focus on pricy high-end products) and which could be effective (e.g. focusing on community and culture building, investing in technology, etc.)? This exercise is most suitable as a team assignment.

	preneurial opportunities:
Answer 1	have the same value for all entrepreneurs
Answer 2	are easy to identify and evaluate
Answer 3	cannot be generalized and standardized
Answer 4	can be pursued at any time
Answer 5	have to be pursued after they are identified
Correct answer(s)	3,5

#### ASSESSMENT





	regard to demand and supply
Answer 2	determine cost
Answer 3	acquire competitive advantage
Answer 4	assess competition in and out of the industry
Answer 5	communicate business strategy
Correct answer(s)	1, 4
Question 3: The in	ternational environment is very important:
Answer 1	because businesses have to become multinational in order to survive
Answer 2	for industries directly depending on imports or exports
Answer 3	because markets have become global
Answer 4	only for large international corporations
Answer 5	mainly for high technology-oriented enterprises
-	mainly for high technology-oriented enterprises 2,3 of the following tools can be used to analyse
Correct answer(s) Question 4: Which competition?	2,3 of the following tools can be used to analyse
Correct answer(s) Question 4: Which competition? Answer 1	2,3 of the following tools can be used to analyse Porter's 5 Forces Model
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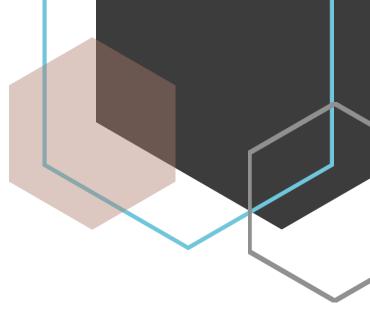


#### GLOSSARY

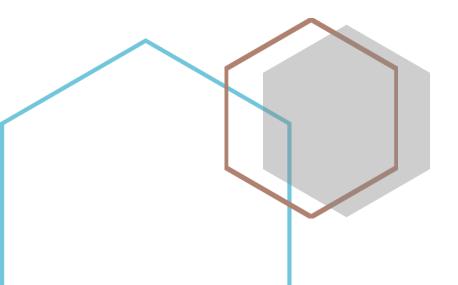
(Entrepreneurial) Opportunity	Any concept or idea that - if turned into a product, service or business process - will result in financial profit
Business plan	A document which clearly defines an enterprise's plans for specific time period. Its existence is necessary in all the phases of an enterprise's life cycle: from business idea to start-up, growth and maturity.
Industry analysis	An assessment tool used to understand the competitive dynamics of an industry and to identify both the opportunities and threats coming. It provides a good way to develop and assess scenarios for the present and future of the industry and is often critical to survival and success in a rapidly changing business environment.
<i>Competitive Forces</i> <i>Model</i>	Called "Porter's Five Forces", as it was developed by Michael Porter in 1979, it is a tool for understanding and evaluating the competitiveness of a business. It is usually used by new businesses or when a business wants to enter a new sector.
PEST analysis	A tool used in marketing for analyzing the company's macro-environment: political, economic, social and technological. It can also include legal and environmental issues and in that case, it is called PESTLE analysis.
SWOT Analysis	A tool using variables that concern the internal (Strengths, Weaknesses) and external (Opportunities, Threats) environment of a company and are used to analyze and evaluate the company's potential and its external environment factors.
SMEs	According to the European Union (EU recommendation 2003/361), small and medium- sized enterprises (SMEs) comprises enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding EUR 50 million, and/or an annual balance sheet total not exceeding EUR 43 million.

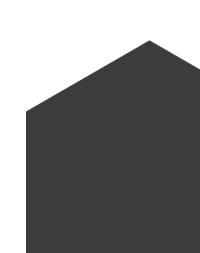


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Business Model, Competitive Advantage and Strategy, Business Plan, Business Operations







#### INTRODUCTION

A business model and a business strategy are fundamental to a company's existence. There are many definitions to describe the concept of business models, but there is no universally accepted definition of the term. In a very simple definition, a business model is the way an enterprise is set-up, operates and generates revenue. The business model describes fundamental aspects of the enterprise (e.g. target groups, strategy, infrastructure, sourcing, pricing, etc.).

In general, a business model is not a strategy. A business strategy puts and keeps a company in an industry at a certain position; it moves the company towards its goals, from simple survival to complete success, and also provides guidelines on how to deal with competition.

Very close to the concept of strategy is the concept of competitive advantage. The concept of competitive advantage seeks to address some of the shortcomings of the concept of comparative advantage. Competitive advantage is obtained when an organization develops or acquires a set of attributes (or execution actions) that allow it to outperform its competitors.

Entrepreneurial planning is depicted in the Business Plan. A Business Plan is a document which clearly defines an enterprise's plans for a specific time period. Its existence is necessary in all the phases of an enterprise's life cycle: from business idea to start-up, growth and maturity.

Business operations is a term that refers to the simple items or tasks that are performed daily by the employees of the company. While these tasks are general business operations, understanding the key activities that make up the whole business process is critical to the sustainability of the company.

#### BUSINESS MODEL

A business model and a business strategy are fundamental to a company's existence. It is really difficult, however, to identify the factors that are necessary for business success and would – in time - result in the creation of value. Some definitions of the business model describe it as a system for making money, viewing it as an economic concept which creates revenue, or as a set of activities that generate profit (Slávik & Bednár, 2014). But, while it has become very common (trendy even) to discuss business models, there is no universally accepted definition of the term.

In a very simple definition, a business model is the way in which an enterprise is set up, operated and made to generate revenue. It describes fundamental aspects of the enterprise (e.g. target groups, strategy, infrastructure, sourcing, pricing, etc.), its goals and how they can be achieved. A business model is used in order to answer the question of how a business will earn money and be viable.

At its simplest form, a business model contains all processes, strategies and policies. A more detailed business model is comparable to a business plan, except instead of examining the feasibility of the





entrepreneurial activity it analyses and evaluates the elements that make the entrepreneurial activity a success. A business model is a conceptual model of a business, while a business plan is more of a financial model (Teece, 2010). The following table show different understandings of what comprises a business model.

I-h- M 11'		Circuit installitud
John Mullins and Randy	1. Revenue model	Gives just little attention to the value offered to
Komisar (2009)	2. Gross margin model	the customer, not useful
	3. Operating model	for complex analysis.
	1 0	
	4. Working capital model	
	5. Investment model	
Alan Afuah	Determinants of	Does not define the
(2003)	profitability	company as a complex
	1. Industry factors	system, does not allow for concrete numerical
	2. Resources	results, includes external
	3. Positions	environment (which is
	4. Costs	not part of a business model)
David Watson	1. Competitors	Has a complex
(2005)	2. Customers	character, includes external environment
	3. Economy of	(which is not part of a
	company	business model)
	4. Management	
	5. Products	
	6. Suppliers	
W. M. Johnson,	1. Value for customer	Describes all the
C. M. Christensen	2. Profit formula	essential components of business.
and H.	3. Key resources and	business.
Kagerman (2008)	4. Key activities	
Alexander	1. Customer	Canvas is a powerful
Osterwalder	segments	visualization tool and
and Yves Pigneur (2009)	2. Customer relationships	clearly shows all the components and their
– Business Model Canvas	3. Distribution channels	interconnections
	4. Value proposition	
	1 - 1	

Table 1: Approaches on the concept of business model





5.	Key resources	
	Key activities	
7.	Partners	
8.	Cost structure and	
9.	Revenue streams	

## Source: Adapted from Slávik S, Bednár R. (2014)

One of the most widely used tools for developing a business model is called Business Model Canvas. It was originally proposed by Alexander Osterwalder in 2005 and since then it has been used in many forms and in many versions. The Business Model Canvas is a template that can be used to develop a business model, or describe an existing one. It is a visual tool with contents that include key partners, key activities and resources, value propositions, customer relationships and segments, channels, cost structure and revenue streams. The Business Model Canvas can be used in parallel with other (similar or complementary) tools and can be used as a physical print-out or online. More information on the Canvas (as well as a downloadable and/or online https://strategyzer.com found version) can be at and https://canvanizer.com.

In general, there is agreement that the business model is not a strategy. A good strategy and a common or inappropriate model or an innovative model and a mundane strategy are opposites and can often lead to failure. If a model and a strategy are consistent, they should be mutually supportive and reinforcing.

A business strategy puts and keeps a company in an industry at a certain position. A good sustainable strategy will go even further, strengthening and improving a company's position. It moves the company towards its goals, from simple survival to complete success, and also provides guidelines on how to deal with competition. A clearly defined strategy will help the company determine its current position and its desired position in the future and help explore scenarios on the best way to get to that desired position. Every company that does something (anything), has some kind of business strategy (Slávik & Zagoršek, 2016).

Osterwalder et al (2005) place the business model in the middle between strategy, Information Communication Technologies and Business organisation, as figure 1 shows:

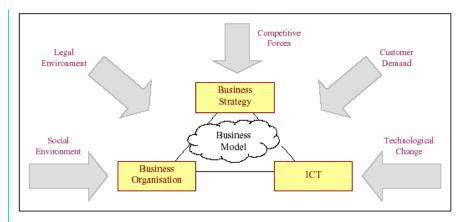
Figure 1. Business model in relationship to Strategy, Process and information system



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#### BUSINESS STRATEGY AND COMPETITIVE ADVANTAGE

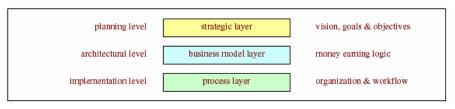




Source: Osterwalder et al (2005)

Gordijn, Akkermans and van Vliet (2000) show that business models are not equivalent to process models and show examples of the difference in graphical representations between a process model and a business model.

Figure 2. Strategy vs. model vs. process



Source: Gordijn, Akkermans and van Vliet (2000)

When a company can deliver goods or services of the same quality as its competitors at a lower cost, or deliver goods or services of higher quality than those of its competitors, then that company has a competitive advantage (cost advantage or differentiation advantage). The concept of competitive advantage is fairly recent and it seeks to address some of the shortcomings of the earlier concept of the comparative advantage. It suggests that businesses should pursue the creation of high-quality goods for customers at high prices. Porter (1990) emphasizes productivity growth as the focus of national strategies. Competitive advantage rests on the notion that cheap labor is ubiquitous and natural resources are not critical. Instead, competitive advantage occurs when an organization acquires or develops an attribute or combination of attributes that allows it to outperform its competitors (Wang, 2014). These attributes can include access to natural resources, or access to highly trained and skilled human resources (Cegliński, 2017).

Table 2: Sources of and strategies for Competitive Advantage

Sources advantag	of	competitive	Strategies for competitive advantage
(		and innovation	<ul> <li>Differentiation</li> </ul>

\*\*\*\*



	Human resources	•	Cost Leadership
•	Organizational structure	•	Differentiation Focus

Source: Adapted from Wen-Cheng W et al. (2010)

A firm is considered to have a competitive advantage when its profit rate is higher than the average in the related industry. This advantage is called sustained competitive advantage when the company retains the high profit rate for a long period of time. The main goal of a company in creating a competitive advantage, based on its resources and abilities, is to increase its performance in the market. Ultimately, the goal is to create a sustainable competitive advantage, preferably such that it exploits internal competences, which is not easy for competitors to replicate, and which provides competitiveness for the company (Hosseini *et al.*, 2018).

#### BUSINESS PLAN

Entrepreneurial planning is depicted in the Business Plan. A Business Plan is a document which clearly defines an enterprise's plans for a specific time period. Its existence is necessary in all the phases of an enterprise's life cycle: from business idea to start-up, growth and maturity. A Business Plan:

- plays the role of a manual, indispensable for every entrepreneur (especially for new entrepreneurs)
- helps improve the planning process by providing a multitude of information
- is a communication tool between all parties involved in an entrepreneurial venture (staff, suppliers, funding organizations, customers, consultants, collaborators, etc.)
- limits risk through scenario evaluation and provides estimates and projections that can be used to anticipate threats and take corrective action in case of mistakes or diversions
- helps evaluate in detail an entrepreneurial venture (new or existing one).

Usually, a Business Plan includes a detailed description of the business and all of its activities, as well as its vision and goals, a description of all the products and/or services offered, the production process, a market analysis and information about the competition, a marketing plan, human resources, financial forecasts and costs, crisis management and any other information necessary for planning and decision making.

In order for a Business Plan to be successful, it must:

- be practical, cohesive and complete
- be based on extensive research and accurate data
- be up-to-date and include all important recent data concerning the internal and external environment of the enterprise.

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The quality of a Business Plan is highly dependent on the resources allocated to its development and monitoring and, also, on the method and process followed in its development. For instance, it is important to adopt a participatory planning process, allowing for the development of the business plan together with those involved at every stage of the entrepreneurial process, incorporating their opinions and vision. This insures that the Business Plan is realistic and that it will be accepted and adopted by the enterprise's management.

#### BUSINESS OPERATIONS

Business operations is a term that refers to the simple items or tasks that are performed daily by the employees of the company. While these tasks are general business operations, understanding the key activities that make up the whole picture is critical to the sustainability of the business. Everything that happens within a company in order to maintain its operability and profitability can be referred to as business operations. Business plans often include a section dedicated to operations so that company founders understand the systems, equipment, people, and processes needed to make the enterprise function (Business encyclopedia).

Business operations may vary according to business type, industry, business size, etc. In most cases they take into account elements such as:

- Process
- Staffing
- Location
- Equipment or technology

Components of Business	Key Functions of Business	
Operations	Operations	
1. Business Legal Structure	<ul> <li>Accounting</li> </ul>	
2. Business Physical	<ul> <li>Finance</li> </ul>	
Operations	<ul> <li>Production &amp; Operations</li> </ul>	
3. Business Regulations and Guidelines	<ul> <li>Marketing</li> </ul>	
4. Business Financial Operations	<ul> <li>Sales Management</li> </ul>	
5. Day-to-Day Operations Management		
Source: Adapted from Citibank (2006).		





FURTHER READING	Business Model Canvas ( <u>https://strategyzer.com</u> )
	Business Model Canvas (https://canvanizer.com)
	Bplans: What is a Business Model (https://articles.bplans.com/what-is- a-business-model-business-models-explained/)Porter, M.E. (1985). Competitive Advantage. New York, M.E. (ed.)
	Model innovation Playbook ( <u>https://fourweekmba.com/business-model-vs-business-strategy/</u> )
	Sahlman, W. A. (1997) "How to write a great business plan", Harvard Business Review, vol. 75, no. 4, p. 98+. (https://sunnybrook.ca/uploads/1/events/2018/medventions/181108 -salman.pdf)
SUMMARY OF KEY POINTS	<ul> <li>A business model is the way an enterprise is set up, operated and made to generate revenue. A business model is used in order to answer the question of how a business will earn money and be viable.</li> </ul>
	<ul> <li>A business strategy puts and keeps a company in an industry at a certain position. It moves the company towards its goals, from simple survival to complete success, and provides guidelines on how to deal with the competition.</li> </ul>
	<ul> <li>Competitive advantage is obtained when an organization develops or acquires a set of attributes (or execution actions) that allow it to outperform its competitors.</li> </ul>
	<ul> <li>A Business Plan includes a detailed description of the business and all of its activities, as well as its vision and goals, a description of all the products and/or services offered, the production process, market analysis and information about the competition, a marketing plan, human resources management plan, financial forecasts and costs, crisis management and any other information necessary for planning and decision making.</li> </ul>
	<ul> <li>Business operations is a term that refers to the simple items or tasks that are performed daily by the employees of the company. Everything that happens within a company in order to maintain its operability and profitability can be referred to as business operations.</li> </ul>
CASE STUDIES /	Case Study: Ryanair Business model
CASE STUDIES / REAL-WORLD EXAMPLES	
	To illustrate the notion of business model, consider the case of Ryanair. Ryanair is known for bringing radical changes to the traditional airline business model. When Ryanair was on the brink of bankruptcy in the early 1990s, their strategy was to transform their business model from that of a standard full service (although small) airline to a radically different one by adopting the Southwest's business model. In the mid- 1000a, after the transformation had taken place. Puepeir had a pay



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1990s, after the transformation had taken place, Ryanair had a new



business model (a reflection of their strategy). In 1991, Ryanair's top management considered four alternative plans of action to escape bankruptcy:

- (1) become the Southwest of Europe
- (2) add business class
- (3) become a "feeder" airline operating from Shannon's airport
- (4) exit the industry.

Each of the first three options entailed a different business model, a different logic of the firm and operational mode.

The important choices in the business model finally chosen include: flying to secondary airports, lowest ticket prices, low commissions to travel agents, maintaining a standardized fleet of Boeing 737s, treating all passengers equally, high-powered incentives, no meals, nothing free, Spartan headquarters, and no unions.

The consequences of these choices strongly affected the viability of the business:

- Secondary airports led to low airport fees
- Lowest ticket prices led to large volume
- Low commissions to travel agents led to low costs
- Standardized fleet of 737s led to increased bargaining power with suppliers
- Treating all passengers equally led to economies of scale
- The no-meals policy led to faster turnaround
- The nothing-free policy led to additional revenue
- Spartan headquarters led to low fixed costs
- No-unions policy led to corporate flexibility.

Source: Casadesus-Masanell R., Enric Ricart J. (2009) From Strategy to Business Models and to Tactics, Harvard Business School, Working Paper 10-036

#### ASSESSMENT, ASSIGNMENTS AND EXERCISES



Assignment 1: Business Model

Description: A relevant short case study of a company (could be one provided here or another one – preferably from the local business environment, complete with related internet sources (e.g. company's site, company's staff interviews, articles) are provided to students. Students are then asked to identify the company's business model, by filling in the 9 sectors of the business model canvas template in the following link: (https://canvanizer.com/new/business-model-canvas).

Objective: Get students to identify the aspects of a company's business model by using the Business Model Canvas tool.



Duration: 60-120 min

## Assignment 2: Competitive Advantage

Description: Students are asked to choose a well-known business company that is performing in their country/region and define its competitive advantage at local or international level

Objective: Get students familiar with the business competition environment

Duration: 60 - 120 min

## Assignment 3: Business Plan

Description: Define the 7 most important components of a business plan and give a short description of them (5-10 lines per component).

Objective: Get students familiar with the business plan content

Duration: 30-60 min

Multiple choice test		
Question 1: A includes the company's goals and the steps that have to be taken to reach them.		
Answer 1	Business Model Canvas	
Answer 2	Business Plan	
Answer 3	Competitive advantage	
Answer 4	Business Strategy	
Answer 5	All of the above	
Correct answer(s)	2	
Question 2: Which o	of the following statements are right?	
Answer 1	Business Plans are developed to attract investors.	
Answer 2	Low price is not always a sustainable competitive advantage	
Answer 3	Value creation can lead to higher customer satisfaction	
Answer 4	The conception of a successful business model presupposes the existence of a well- defined business strategy	
Answer 5	The goals of a company are defined during the business strategy development	





Correct answer(s)	2, 3	
Question 3: The Bu	siness Strategy:	
Answer 1	is usually developed by the marketing managers	
Answer 2	should plan the long term business direction	
Answer 3	has to be communicated to the company's staff	
Answer 4	should be evaluated and revised constantly	
Answer 5	is developed to maximize the company's profits	
Correct answer(s)	2, 3, 4	
Question 4: Busines	ss Operations include	
Answer 1	Sales	
Answer 2	Management	
Answer 3	Marketing	
Answer 4	Accounting	
Answer 5	All the above	
Correct answer(s)	5	
Question 5: To crestarts by investigating	eate a competitive advantage, a company ng its rivals'	
Answer 1	sales	
Answer 2	strategies	
Answer 3	financial statements	
Answer 4	missions	
Answer 5	all the above	

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Business Model	It is a conceptual plan that depicts the customers of a business, the ways the business creates and delivers value to them and how the business will earn money and be viable.
<b>Business Model</b>	A template, proposed by Alexander Osterwalder in
Canvas	2005, that can be used to develop a business model, or describe an existing one. This visual tool contents include key partners, key activities and resources, value propositions, customer relationships and segments, channels, cost structure and revenue

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#### GLOSSARY



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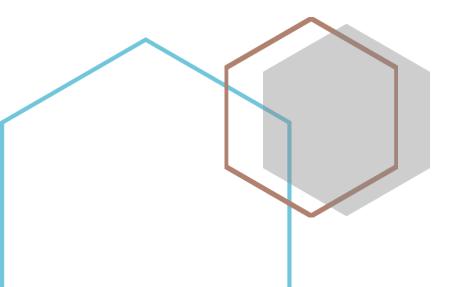


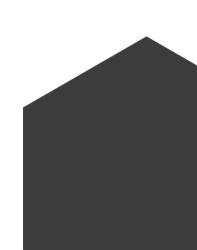
	streams
Business Plan	A document which clearly defines an enterprise's goals for specific time period and how they can be achieved. Its existence is necessary in all the phases of an enterprise's life cycle: from business idea to start-up, growth and maturity
Business Strategy	It is a set of actions designed to achieve specific business goals. A strategy can be developed at corporate, business or functional level.
Competitive advantage	It can be defined as the aspects of a company's products or services that allow the company to perform better than its competitors. These aspects may derive from access to natural resources or to highly trained and skilled human resources.
Value creation	Value is created when the benefits caused by an action are greater than the effort needed to perform it. A business can create value for customers, staff, stakeholders and investors.
Business operations	Business operations is a term that refers to the simple items or tasks that are performed daily the employees of the company.













#### INTRODUCTION

Financing Entrepreneurial New Ventures is a dynamic workshop delivered through the practical application of principles and concepts to practice.

Entrepreneurs often find accessing finance and sharing equity highly challenging. The workshop introduces the forms of financing for entrepreneurship. It recognises that entrepreneurial new ventures often launch with limited resources. It is aimed at students wishing to develop their knowledge and understanding of entrepreneurial new ventures as well as pre-start and early stage entrepreneurs wishing to engage with the workshop in support of their actual or proposed venture.

This workshop will critically examine the nature, role and importance of different sources of finance for entrepreneurial ventures, assess their availability, costs and benefits for an entrepreneurial firm at the different stages of growth. Delivery will recognise local context and so will be aligned to the forms and availability of finance in the region in which it is delivered. It should also be aligned with 'real-life' practices of entrepreneurs. Through the use of examples students will be encouraged to engage with the workshop recognising the global context. Workshop delivery will draw on cross-country comparisons of entrepreneurial finance which makes the outcomes generalisable for both developed and developing countries.

Whilst drawing on principles, concepts and theories from within academic theory the workshop is best delivered through an approach in which the learning is applied to 'real-world' challenges. The workshop is therefore designed to apply course content, encourage students to take ownership of their learning, use technology meaningfully, and collaborate. Delivery will therefore be through Problem-Based Learning (PBL).

To this end, the students will engage with an enquiry-based instructional model in which learners engage with an authentic, ill-structured problem that requires further research. This means that students will be expected to identify gaps in their knowledge, conduct research, and apply their learning to develop solutions and present their findings.

The approach taken will encourage collaboration and cultivate problem solving. Delivery will include Lectures, Seminars and Workshops delivered by a team comprising professional practitioners, guest speakers and academics. This workshop will use a combination of case discussions and lectures to study entrepreneurial finance. The ideal learning format is to work with a business. If local entrepreneurs with aspirations for growth can be engaged in the workshop delivery, then students can be organised into Venture Teams. Options include:

- Student Start-Up Teams: Formation of an Entrepreneurial New Venture and Development of a Pitch for Funding.
- Student Consulting Teams: Students work with a local entrepreneur or an existing business at an early stage. This might be pre-start, an early stage start-up or a more established

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company open to ideas.

• Entrepreneurs: Where students are already in business or actively considering self-employment, then these individuals and co-founders can be supported through the process of developing their business idea to a point where it can be pitched for funding.

## **Outline content**

Participants will be introduced to the regional entrepreneurial ecosystem to enable them to develop their understanding and knowledge of the sources of support available to start and grow a business. This will include Government support, Bank Finance, Trade Finance, Alternative forms of Finance, Venture Capital and Business Angels. They will also develop their understanding and knowledge of support available through Universities, Accelerators and Incubators. Topics covered will include technical, practical and financial support available. As appropriate and related to the regional context, students will also be encouraged to explore alternative forms of financing, such as peer-to-peer lending, Bto-B lending, equity and reward based crowdfunding. Through engagement with a real-world problem (their business idea or proposed new venture) students will develop that idea to the point where they are equipped to present their proposal to a potential funder.

## LEARNING OUTCOMES

Through successful participation in this workshop students will demonstrate a critical understanding of theoretical and practice elements underpinning entrepreneurial finance. On successful completion, students will be able to apply theory to create a credible pitch to a source of finance (funder), providing the rationale for their preferred choice of finance.

In addition, successful students will be able to:

- Understand the enterprise environment and the factors supporting and restricting enterprise development.
- Gain an awareness of the stages of enterprise development and the range of start-up strategies that can be utilised in a variety of contexts.
- Research and develop business ideas and formulate a comprehensive enterprise plan for a new or existing business.
- Develop their entrepreneurial skills in a supportive and learning environment.

#### WORKSHOP CONTENT

## Introduction to the Regional Entrepreneurial Ecosystem

Using an ecosystem model, the workshop will introduce students to the available sources of support for entrepreneurial new ventures, including an overview of the sources of support. Speakers who have been supported to start their business, as well as speakers from selected





support organisations, will contribute to the workshop. Having identified sources of support, students will be given a refresher on research skills.

## **Business Idea Generation / Development**

Using the Design Thinking process, this workshop will support students to form teams; generate and develop a business idea. Where students have an existing business idea the workshop will support them to develop their idea further.

- Students will form Venture Teams
- Students will be introduced to the concept of working with uncertainty and will develop their understanding of the entrepreneurial process
- Students will be introduced to key concepts such as Effectual Thinking and Iteration, including approaches such as Lean Start
- Students will identify a 'problem' and using the five stages of Design Thinking will begin the process of coming up with a solution
- Students will be supported to develop an initial Business Model (using a canvas such as Lean or the Business Model Canvas).

## Financing Your Entrepreneurial New Venture

This workshop will draw heavily on practitioner inputs. These practitioners include entrepreneurs with experience of securing finance as well those with expertise in providing finance and / or advising business. It is expected that students will have an understanding of finance prior to joining the workshop and will also have a good understanding of the main reporting statements covering capital, income & expenditure and cash flow. Topics covered will include:

- The main ways that entrepreneurs are financed, contrasting the choice to Bootstrap with raising external funds
- Types of equity investors including angels, VCs, and strategic investors Emerging funding models, such as crowdsourcing
- The structure of venture capital funds and their fund raising process
- Entrepreneurial finance needed for breakthrough discoveries
- Corporate venture capital and private equity funds in emerging market economies
- The role of financial contracts in addressing information and incentive problems in uncertain environments.

## **Opportunity Evaluation – The Feasibility Report**

• Examine the concept of the enterprise report and a business plan and their relationships





- Consider the various roles of the enterprise report and its components
- Understand the nature and purpose of the information to be included in an enterprise report
- Examine the role of the feasibility analysis in developing successful business ideas.

## **Financial Projections and Investor Insights**

Through a practical applied workshop, students will be supported to create their group financial projections using for example Excel templates.

In addition, students will be provided with an opportunity to further develop their understanding and knowledge of the expectations of funders through a practical workshop supported by professional practitioners.

Guest Speakers will be encouraged to discuss topics they see as relevant. Example topics might include:

- Calculating a Cumulative Cash Flow Curve
- Key Financial Ratios
- Building a Cap Table
- How Investor Expectations and Target Returns Drive Company Ownership
- Payouts from Simple Equity and Convertible Investments
- Seed Note Ownership and Value
- How business models shape external financing requirements
- Tools to valuate early stage business opportunity
- Review the standard tools of valuation applied to start-up situations
- Introduce the venture capital method and the real options approach to valuation
- Adjusting business models to match financial conditions
- Reducing financing needs through alternative models such as partnerships.

## **Pitching Your Idea**

Students will develop their understanding and knowledge of how to pitch their business idea. They will then pitch their business to an expert panel.





THEME 1: INTRODUCTION TO THE REGIONAL ENTREPRENEURIAL ECOSYSTEM Using an ecosystem model, the workshop will introduce students to the available sources of support for entrepreneurial new ventures, including an overview of the sources of support. Speakers who have been supported to start their business, as well as speakers from selected support organisations, will contribute to the workshop. Having identified sources of support, students will be given a refresher on research skills.

The following topics are covered:

-Introduction to the concept of the entrepreneurial ecosystem at the national, regional and firm level

-Introduction to the concept of entrepreneurship and Social Capital

-Identifying and understanding the sources of support for entrepreneurial new ventures

-Research Skills - Refresher

## Introduction to the concept of the entrepreneurial ecosystem at the national, regional and firm level

The concept of the entrepreneurial ecosystem is influential in the entrepreneurship, strategic management, and innovation literature. It draws on the concept of a biological ecosystem. At the firm level, it relates to external factors impacting on the firm. In terms of enterprise development, that is, the aim of a region to promote business start-up and growth, it refers to individuals and institutions that form part of the support system for business. Much of the focus of policy makers is on improving the efficiency and effectiveness of that system. At the firm level and for student entrepreneurs, it is sufficient to think of it as those individuals and institutions that support business.

For student entrepreneurs, use of for example Daniel Isenberg's six domains provides a useful structure for an introduction to the concept. For participants with a more developed understanding (policymakers) selected studies on entrepreneurial ecosystem research have been provided.

Entrepreneurial ecosystems are now a popular concept widely used in entrepreneurship policy and among practitioners. They are related to regional economic development strategies aimed at creating supportive environments that foster innovative start-ups. Ecosystems can be defined as "an economic community supported by a foundation of interacting organizations and individuals – the organisms of the business world." (Moore, 1996). Or "as an analogy, which can help to describe and understand certain issues." (Iansiti and Levien, 2004). In seeking to create the conditions for growth "entrepreneurs are most successful when they have access to the human, financial and professional resources they need, and operate in an environment in which government policies encourage and safeguard entrepreneurs" (Isenberg, 2010). They represent the types of cultural, social, economic, and political environments within a region that support high-growth



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#### entrepreneurship.

Isenberg, initially in 2009, then 2010 and 2011, with further modification in 2014, developed six domains of the entrepreneurship ecosystem to include policy, finance, culture, supports, human capital and markets.

Examination of entrepreneurship ecosystems typically explores features and relationships such as fragmentation, interconnectedness, cooperation and competition. In examining the conditions for successful development of entrepreneurship ecosystems, a number of common themes typically emerge. Those include need to make entrepreneurship a priority; develop holistic policy that encompasses all areas of the ecosystem; build from existing industries; encourage growth across all industry sectors, including low, mid and high-tech firms; provide leadership; adopt a 'top-down' and 'bottom-up' approach devolving responsibility. (based on Mazzarol, 2014)

Entrepreneurship ecosystems are thought to be best delivered through interventions in support of growth-oriented SMEs that are more relational than transactional, and focus on Entrepreneurial Leadership and the strategic intent of the team (Mason and Brown 2014). The types of resources available in an ecosystem and the ability of these resources to flow through social networks helps separate strong, well-functioning ecosystems from weak, poorly functioning ones (Spigel and Harrison, 2017).

Brad Feld's (2012) book Startup Communities highlights the importance of community in terms of the various actors that support the entrepreneur emotionally and financially and the education, policy, and economic environments that provide resources for new ventures. "This has been followed by a wave of academic research focused on establishing the attributes of successful ecosystems and exploring how they support high-growth entrepreneurship (Acs, Autio, & Szerb, 2014; Alvedalen & Boschma, 2017; Audretsch & Belitski, 2016; Auerswald, 2015; Autio, Kenney, Mustar, Siegel, &Wright, 2014; Mack & Mayer, 2015; Motoyama & Knowlton, 2016; Qian, 2016; Spigel, 2017; Stam & Bosma, 2015 Stam & Spigel, 2016." (Mason C, Brown R, 2017). The main argument of this recent research is that a successful ecosystem enables entrepreneurs to identify new market niches and draw on the local resources, support, and financing to grow new ventures into globally competitive firms (Spigel and Harrison, 2017). This appears resonant with the work of David Storey in which he likens this approach to entrepreneurship policy based on "picking winners" rather than on providing economically inefficient blanket support for new firm creation without the implicit contradiction in expecting policy makers to second-guess the market.

Alvedalen and Boschma (2017) argue that whilst the entrepreneurship ecosystem (EE) literature has attracted much attention, especially in policy circles, the concept suffers from a number of shortcomings: "It lacks a clear analytical framework that makes explicit what is cause and



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what is effect in an EE; that while being a systemic concept, the EE has not yet fully exploited insights from network theory, and it is not always clear in what way the proposed elements are connected in an EE; it remains a challenge what institutions (and at what spatial scale) impact on the structure and performance of EE; studies have often focused on the EE in single regions or clusters, but lack a comparative and multiscalar perspective and the EE literature tends to provide a static framework taking a snapshot of EE without considering systematically their evolution over time."

## Entrepreneurship and Social Capital

Economists have traditionally considered economic growth to be a function of physical capital (e.g. premises, machinery and equipment) plus human capital (e.g. employees' education, training, work experience). However, there is increasing interest in "social" capital - defined as "a capability that arises from the prevalence of trust in society or in certain parts of it." The emphasis here is on building relationships, trust and therefore being able to draw on networks, contacts, reputation, etc.

## Sources of Support

Students should be able to identify available sources of support for an entrepreneur. Consider their criteria for support and understand how they might go about accessing available support.

KEY READING: <u>https://hbr.org/2014/05/what-an-entrepreneurial-ecosystem-actually-is</u>

Additional reading:

Alvedalena J, Boschmaa R, (2017) A critical review of entrepreneurial ecosystems research: towards a future research agenda. European Planning Studies. Vol. 25, No. 6, 887–903).

Decker R, Haltiwanger J, Jarmin R, and Miranda J, (2014) The Role of Entrepreneurship in US Job Creation and Economic Dynamism Journal of Economic Perspectives—Volume 28, Number 3 Pages 3–24

Iansiti M, Levien R, (2004) The Keystone Advantage: What the New Dynamics of Business Ecosystems Mean for Strategy, Innovation and Sustainability. Harvard Business School Press, 255p.

Mason C, Brown R, (2014) Entrepreneurial Ecosystems and Growth-Oriented Enterprises: Background Paper Prepared for the Workshop Organised by the OECD LEED Programme and the Dutch Ministry of Economic Affairs. Discussion Paper. OECD accessed online http://www.oecd.org/cfe/leed/Entrepreneurial-ecosystems.pdf 26/6/19

Mazzarol T, (2014) Growing and sustaining entrepreneurial ecosystems: What they are and the role of government policy, White Paper WP01-2014, Small Enterprise Association of Australia and New Zealand



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INTRODUCTION TO THE REGIONAL ENTREPRENEURIAL ECOSYSTEM

FURTHER READING



#### INTRODUCTION TO THE REGIONAL ENTREPRENEURIAL ECOSYSTEM

SUMMARY OF KEY POINTS

#### INTRODUCTION TO THE REGIONAL ENTREPRENEURIAL ECOSYSTEM

CASE STUDIES AND REAL-WORLD EXAMPLES Spigel B, Harrison R, (2017) Toward a process theory of entrepreneurial ecosystems. Strategic Entrepreneurship Journal DOI: 10.1002/sej.1268.

- Entrepreneurs don't 'go it alone' or operate in isolation; a national / regional / local support ecosystem exists to support them. Their firm operates within its own ecosystem (environment)
- There is growing evidence of the importance of social capital to successful entrepreneurship
- It is good to know what supports exist for entrepreneurs and the criteria for being supported
- For more advanced reading, consideration can be given to the development of the local, regional or national entrepreneurial ecosystem.

Dr. Yashasvi Rajpara | Dr. Komal Mistry"Factors Shaping Entrepreneurial Ecosystem: A Study of Gujarat State" Published in International Journal of Trend in Scientific Research and Development (ijtsrd), ISSN: 2456-6470, Volume-2 | Issue-3, April 2018, URL: http://www.ijtsrd.com/papers/ijtsrd11263.pdf

The paper studies in detail the factors affecting the entrepreneurial environment in the state of Gujarat (India).

2. https://endeavor.org.ph/

Endeavor Philippines strives to accelerate the development of a vibrant entrepreneurial ecosystem in the country

3. https://www.gsma.com/mobilefordevelopment/country/srilanka/deep-dive-sri-lankan-start-ecosystem/

The article discusses the ecosystem of tech start-ups in Sri Lanka.

4. https://reports.weforum.org/entrepreneurial-ecosystems-around-theglobe-and-early-stage-company-growth-dynamics/section-2entrepreneurial-ecosystems-similarities-and-differences-around-theglobe/?doing\_wp\_cron=1589808639.7309610843658447265625

A World Economic Forum report focused on how governments support entrepreneurs. Students will specifically benefit from engaging with Section 2: Entrepreneurial Ecosystems: Similarities and Differences around the Globe

Speakers from local support agencies should be encouraged to provide other real-life case studies of entrepreneurs from the area/region who started or grew their business with their support.





INTRODUCTION TO THE REGIONAL ENTREPRENEURIAL ECOSYSTEM

PROPOSED ASSIGNMENTS AND EXERCISES

THEME 2: BUSINESS IDEA GENERATION / DEVELOPMENT

- Demonstrate your understanding of what is meant by an entrepreneurial ecosystem.
- What does entrepreneurial ecosystem mean at the level of the firm and how might this understanding be applied by an entrepreneur wishing to develop growth strategies?
- What does entrepreneurial ecosystem mean at a regional or national level? How might the regional / national / local entrepreneurial ecosystem be further developed?
- What support is available to someone in business or wishing to start a business?
- What is Social Capital in the context of entrepreneurship and why might that be an important consideration for an entrepreneur?

Using the Design Thinking process, this workshop will support students to form teams that will generate and develop a business idea. Where students have an existing business idea, the workshop will support them to develop their idea further.

- Students will form Venture Teams
- Students will be introduced to the concept of working with uncertainty and will develop their understanding of the entrepreneurial process
- Students will be introduced to key concepts such as Effectual Thinking and Iteration including approaches such as Lean Start
- Students will identify a 'problem' and, using the five stages of Design Thinking, will begin the process of coming up with a solution
- Students will be supported to develop an initial Business Model (using a canvas such as Lean or the Business Model Canvas).

This workshop presupposes that students will draw on key concepts to come up with a solution to a problem. They will then develop their solution, creating a Business Model.

The following concepts should be presented as explained:

 Ideas and Sources of Information: At the individual or firm level, ideas can be found from both internal and external sources. Internal sources can include e.g. Research and Development, Engineering, Purchasing, Production Marketing and Sales teams. They can be encouraged by building a culture of creativity and innovativeness. External sources (building on the concept of the entrepreneurial ecosystem at the firm level) can include e.g.





distributors and agents, competitors, suppliers, customers, universities, consultants, exhibitions and networks (for networks also refer back to Social Capital). Entrepreneurs observe trends, find gaps and solve problems. They innovate and respond to change.

- Effectual Thinking: Developed by Sara Sarsvarthy to show how successful entrepreneurs think and behave in an effectual rather than causal linear way. For more information, see: https://www.effectuation.org/sites/default/files/documents/ef fectuation-3-pager.pdf
- Human Centred Design: Design Thinking is the application of human centred design solutions to create solutions to problems. The key concepts are human-centred design and iteration. Using the process of design thinking and delivered through a Design Thinking Workshop, student teams will come up with an idea leading to a problem statement. Outputs: Empathy Mapping; Problem Statement. Related concepts include empathy mapping, customer experience, user experience and customer journey mapping.
- Lean Start Up: This is a methodology developed by Eric Ries. See also: http://theleanstartup.com/principles. The fundamental activity of a start-up is to transform ideas into products or services, evaluate customers' response, and then chart further action that can include modifying the strategy or preserving the current approach. All successful start-up processes should seek to accelerate and optimize this feedback loop. Key concept is again iteration.
- Business Model Design: It recognises the importance of creating a Business Model as part of the entrepreneurship process. Many businesses go directly from idea to Business Plan. Business Plans begin with a Business Model but they are two distinct things. A Business Plan is really the written execution of a good business model.
- Business Model Canvas and the Lean Start Canvas are tools developed to support the development of business models. For a start-up, the Eric Ries Lean Start Canvas works well. When innovating within an existing business, the Business Model Canvas by Alex Osterwalder is very effective.
- Creativity and Innovation: Students should be encouraged to be creative, innovative, think independently and critically. There is therefore less emphasis on delivery of learning and more emphasis on facilitation.





BUSINESS IDEA GENERATION / DEVELOPMENT

BUSINESS IDEA GENERATION /

DEVELOPMENT

EXAMPLES

CASE STUDIES AND REAL-WORLD

BIBLIOGRAPHY AND FURTHER READING www.strategyzer.com

https://designthinking.ideo.com/

www.effectuation.com

Osterwalder, A, Pigneur Y, (2010) "Business Model Generation: A handbook for visionaries, game changers and challengers

Bridge, S. Hegarty, C. (2013) Beyond the Business Plan: 10 principles for new venture explorers, (Basingstoke, Palgrave Macmillan

Timmons, J. and Spinelli, S. (2009) New Venture Creation: Entrepreneurship for the 21st Century 8th ed. McGraw-Hill, London

Ries, E. (2011). The lean startup: How today's entrepreneurs use continuous innovation to create radically successful businesses. New York: Crown Business.

https://www.inc.com/magazine/20110201/entrepreneurship-interviewand-business-case-study.html

https://www.toptal.com/project-managers/digital/a-design-thinkingcase-study

https://www.icmrindia.org/casestudies/catalogue/Business%20Strategy /BSTR554.htm

http://theleanstartup.com/casestudies

https://mfishbein.com/lean-startup-case-study/

https://streetsmartproductmanager.com/mvp-case-study/

Starting a business is not always about new ideas: https://www.youtube.com/watch?v=AH1FN y8IP8

The entrepreneurial process: 10 Myths about Entrepreneurship https://www.youtube.com/watch?v=G8gRkJ9cnzo

Effectuation: What is Effectuation Handout: https://www.effectuation.org/sites/default/files/documents/effectuati on-3-pager.pdf

Effectuation explained by Sara Sarasvarthy: https://www.youtube.com/watch?v=Ruvb\_kGAMYw

Effectuation in Action short Video Explaining Process: https://www.youtube.com/watch?v=oC-yWrC0P\_E

5 Effectuation Principles explained: https://www.youtube.com/watch?v=GoLZGSHmkRI

LEAN Start-Up Book Summary Eric Ries: https://www.youtube.com/watch?v=sobxOzRjAGg

LEAN Start-Up and Design Thinking: https://www.youtube.com/watch?v=JzEg-Y0noRY

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Design Thinking, LEAN Start-Up and Agile – What's the difference?: https://www.youtube.com/watch?v=p2AGd5[Ur]Q Entrepreneurial Approach: The Entrepreneurial Mindset Effectuation Explained The Entrepreneurial Process The LEAN Start-Up Explained – Eric Ries Book Summary Storyboard of the LEAN Startup Introduction The Lean Approach: Minimum Viable Products (MVP) Understanding the Customer: Design Thinking Explained Customer Journey Mapping Understanding the Customer – Empathy Mapping Your Value Proposition: Value Proposition Canvas Funding: 5 tips from Innovate UK 

- **Business Idea Brainstorming**
- Design Thinking Workshop start to finish
- Build your Business Model and present it to your peers for review

Students should be asked to craft three distinct approaches to addressing a priority social or environmental issue. They should present their 'solutions' as business models in poster format. (This can be an infographic and / or a business model tool such as the Canvas). The assignment submission will comprise three Posters and an Annotated Bibliography.

Annotated Bibliography – Guide 1000 – 1500 words (do not exceed the maximum)

This workshop will draw heavily on practitioner inputs. Practitioners include entrepreneurs with experience of securing finance as well those with expertise in providing finance and / or advising business. It is expected that students will have an understanding of finance prior to joining the workshop, including a good understanding of the main reporting statements covering capital, income & expenditure and cashflow. However, if they do not and / or require refreshment, this Lecture should introduce this.

# **Refresher on finance**

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#### **BUSINESS IDEA GENERATION /** DEVELOPMENT

PROPOSED **ASSIGNMENTS AND** EXERCISES

#### **BUSINESS IDEA GENERATION /** DEVELOPMENT

ASSESSMENT

THEME 3: FINANCING YOUR ENTREPRENEURIAL **NEW VENTURE** 





Securing the finance needs in order to successfully execute an entrepreneurial new venture can be the biggest challenge the entrepreneur faces. Entrepreneurs need to develop an understanding of where they can go to raise finance, which funding options are best suited to their needs, how to be attractive to funders; the information funders need and what to expect during the process of raising funds. In essence, they need to know how to handle the unique financial challenges faced by start-ups and small businesses.

Concepts covered will include:

- The main ways that entrepreneurs are financed, contrasting the choice to Bootstrap with raising external funds.
- Types of equity investors including angels, VCs, and strategic investors. Emerging funding models-such as crowdsourcing
- The structure of venture capital funds and their fund raising process
- Entrepreneurial finance needed for breakthrough discoveries
- Corporate venture capital and private equity funds in emerging market economies
- The role of financial contracts in addressing information and incentive problems in uncertain environments.

#### Session 1:

This session introduces entrepreneurs to the concept of financial management applied in three stages – Planning, Decision-Making and Control. Other key concepts covered include the need for effective governance; the business planning cycle, budgets and budgeting; the three main reporting statements and an introduction to key ratios.

#### Session 2:

This session explores though Guest Speakers and Professional Practitioners the relative merits of bootstrapping versus raising finance. Bootstrapping is as relevant to an existing business as to a start-up in that it can be an effective, relatively inexpensive way to maximise resources (cashflow). Less money is borrowed and so interest charges are avoided. Common techniques include Factoring, Trade Credit, Designing a Business Model that generates cash quickly, cutting personal expenses (minimum survival budget), effective financial management, avoiding outsourcing jobs that can be done in-house, being discerning when chasing revenue.

#### Session 3:

This session focuses on Sources of Finance and their relative merits, including include debt versus equity; what a lender will look for; types of equity investors and their expectations and processes.

Session 4:



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Wherever possible, this session should draw on professional practitioners, including investors and entrepreneurs, to discuss 'in practice' what investors look for in a business and what they expect to see in the proposal, and to provide insights into the processes involved.

#### FINANCING YOUR ENTREPRENEURIAL NEW VENTURE

#### FURTHER READING

#### FINANCING YOUR ENTREPRENEURIAL NEW VENTURE

CASE STUDIES AND REAL-WORLD EXAMPLES

#### FINANCING YOUR ENTREPRENEURIAL NEW VENTURE

PROPOSED ASSIGNMENTS AND EXERCISES https://www.entrepreneur.com/article/278430

https://corporatefinanceinstitute.com/resources/knowledge/finance/d ebt-vs-equity/

https://medium.com/swlh/demystifying-startup-equity-7497da92e38e

https://www.nibusinessinfo.co.uk/content/private-equity-right-yourbusiness

https://www.nibusinessinfo.co.uk/content/advantages-anddisadvantages-equity-finance

https://www.ukbaa.org.uk/

https://www.nibusinessinfo.co.uk/content/advantages-anddisadvantages-bank-loans

https://www.nibusinessinfo.co.uk/content/business-financing-optionsoverview

https://documents.epfl.ch/users/l/le/lebret/www/Equity%20Split%20 Study-Nov08-HL.pdf

https://capitalise.com/insights/startup-loans-a-bridge-to-venturecapital-funding

https://timberry.bplans.com/a-case-study-on-startup-equity/

- Examine available Sources of Finance and their relative merits. Focus on bootstrapping versus debt and debt versus equity. In relation to your own business proposal, what are the relative merits of each? Which would you choose and why?
- Describe the types of equity investors. What are their expectations of you going to be? How will you meet those expectations? In addition to presenting your business, show your understanding of the likely stages you will go through and the processes required of you. Are any of these options suitable for you? Please explain why you think that?





#### FINANCING YOUR ENTREPRENEURIAL NEW VENTURE

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Buckingham, C. (2015) Crowdfunding intelligence: the ultimate guide to raising investment funds on the Internet. London: LID

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Markova, S. and Petkovska-Mircevska, T. (2009) Financing Options for Entrepreneurial Ventures. Amfiteatru Economic, 11 (26), 597-604

Parks, S. (2006) How to fund your business: the essential guide to raising finance to start and grow your business. Harlow: Pearson Prentice Hall

Vega, G. and Lam, M.S. (2015) Entrepreneurial Finance: Finance for Entrepreneurs and Small Business. London: Routledge

Wales, K. (2018) Peer-to-peer lending and equity crowdfunding: a guide to the new capital markets for job creators, investors and entrepreneurs. Santa Barbara: ABC-CLIO.

Walk, E. (2017) Startup 101: how to build a successful business with crowdfunding: a guide for entrepreneurs. S.I: CreateSpace Independent Publishing Platform

During this part of the workshop, the students will:

- Examine the concept of the enterprise report and the business plan, as well as their relationships
- Consider the various roles of the enterprise report and its components
- Explain the nature and purpose of the information to be included in an enterprise report
- Examine the role of the feasibility analysis in developing successful business.

The following topics should be covered in the form of a lecture or discussion:

- Planning and the Business Plan (A Formal View)
- The role of feasibility analysis in developing successful business ideas working through each element of the feasibility analysis:
  - ✓ People and Roles
  - Management & Capability
  - ✓ Market Assessment





- ✓ Marketing Strategy
- ✓ Technical or Production Analysis
- ✓ Financial Analysis.
- How investors assess business plans

# Further reading:

https://www.researchgate.net/publication/247738793\_What\_do\_Invest ors\_Look for in a Business Plan A Comparison of the Investment Criteria of Bankers Venture Capitalists and Business Angels

https://www.thebusinessplanshop.com/blog/en/entry/how\_investors\_analyse\_business\_plans

https://www.business.qld.gov.au/startingbusiness/planning/idea/feasibility

## Case studies / real-world examples

The Lecturer could use the Structure for the Student Feasibility Report that is presented below. Options include supplying the template and encouraging students to work independently – perhaps booking meeting times with the lecturer or their mentor. Alternatively the format can be used to frame a series of interactive exercises during the Lecture.

Once the concepts have been introduced, there should be an interactive session with students. Providing them with a feasibility analysis report template will give them some guidance. After that, students should be encouraged to work in their teams to develop their work plan; undertake research; meet regularly and produce the report on their proposed venture.

Ongoing feedback can be provided during the research phase to provide additional information and guidance to students. The Lecturer role in this instance is one of Mentor or Adviser.

Structure for the Student Feasibility Report

- Executive Summary: what does the plan say summary of key points.
  - ✓ Write it last!
- Ensure it highlights aim and objectives, and key issues in achieving them
  - ✓ Introduction to the business:
  - ✓ Who is involved?
  - ✓ Origin of the business idea. How has it been developed?

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#### OPPORTUNITY EVALUATION

FURTHER READING

#### OPPORTUNITY EVALUATION

CASE STUDIES AND REAL-WORLD EXAMPLES

#### OPPORTUNITY EVALUATION

#### PROPOSED ASSIGNMENTS AND EXERCISES



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- ✓ Basic proposal
- ✓ Legal status and ownership
- ✓ Current status
- ✓ Your aim now
- Industry analysis: size and growth rate; structure; key success factors; industry trends; long-term prospects
- Market analysis: market segmentation and customer profile within target market selection – demographics, buyer behaviour, how market is changing
- Competitor analysis: analyse competitors and determine what gives you a competitive edge
- Evidence of demand for product or service: market research, orders or letters of intent
- Costing, pricing and sales forecasts:
  - ✓ Cost to provide product/service
  - ✓ Pricing how it was arrived in relation to cost to provide, expected mark-ups
  - ✓ Sales forecasts
- Marketing plan: how you get customers to buy; how you will sell it, promotional activity to support sales, associated costs of promotion and distribution
- Operations plan:
  - ✓ Production process, capital equipment, premises (location, build/purchase/rent, lease arrangements, startup and ongoing costs)
- Organisation:
  - ✓ Established, owned, directed, advised, organised, managed?
- Staffing:
  - ✓ Staffed by whom, when, how much it will cost
  - ✓ Particular skills required
- Financial forecasts: income from investors and sales revenue, routine expenditure, capital expenditure, cash flow, Profit and Loss accounts, balance sheets
  - ✓ Appendices





#### OPPORTUNITY EVALUATION

BIBLIOGRAPHY

#### THEME 5: FINANCIAL PROJECTIONS AND INVESTOR INSIGHTS

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Bridge, S. and Hegarty, C. (2013) Beyond the Business Plan. Palgrave MacMillan

Burns, P. (2018) New venture creation: a framework for entrepreneurial start-ups. 2nd ed. ed. Basingstoke, Hampshire: Palgrave Macmillan

Parks, S. (2006) How to fund your business: the essential guide to raising finance to start and grow your business. Harlow: Pearson Prentice Hall

Williams, S. (2014) The Financial Times Guide To Business Start-Up 2015. Pearson.

Through this practical applied session students will be supported to create their group financial projections using for example Excel templates. Students should be encouraged to produce 3 year projections. The Lecturer may wish to exercise discretion depending on the context and allow some flexibility. It may be for example that students produce projections for the first year. A critical message is that start-ups operate in uncertainty. Projections are necessary; however, they cannot be predicted with certainty. This in itself provides an opportunity for valuable discussion with students and with professional practitioners.

In addition to working on their financial projections, students will be provided with an opportunity to further develop their understanding and knowledge of the expectations of funders through a practical workshop supported by professional practitioners.

Entrepreneurial Learning is holistic and not Linear. This Lecture should allow students to build on the knowledge they have gained; identify any gaps in their understanding. Working through their projections as a team allows the students to sense-check their assumptions. The Lecturer and Guest Speaker are then able to work with students in small teams to test these assumptions and provide additional insights.

Guest Speakers, ideally professional practitioners, will be encouraged to discuss topics they see as relevant. Examples of such topics might include:

## Finance

Calculating a Cumulative Cash Flow Curve

Key Financial Ratios

#### **Ownership and Value**

Building a Cap Table

How Investor Expectations and Target Returns Drive Company Ownership





Payouts from Simple Equity and Convertible Investments

Seed Note Ownership and Value

# **Business Model**

How business models shape external financing requirements

Adjusting business models to match financial conditions

Reducing financing needs through alternative models such as partnerships

# Valuation

Tools used to valuate early stage business opportunity.

Review the standard tools of valuation applied to start-up situations

Introduce the venture capital method and the real options approach to valuation.

At the minimum, this part of the workshop should cover:

## **Financial Projections**

The session should clarify the importance of financial projections and provide a refresher on the three main reporting statements. This will allow the Lecturer to refresh learning results from the earlier Lecture on Finance. It also allows students to receive further feedback. Students will work (using an Excel template) to produce their three year projections – Cash Flow; Income & Expenditure; Balance Sheet. They should also provide the assumptions that underpin those projections. Students should be encouraged to sense-check these assumptions. Supported by the Lecturer, the students are encouraged to cross-refer between the financial assumptions and their research, for example, in the assessment of the market. Input from the Lecturer and any Guest Speaker should be aimed at guiding, challenging and testing.

# **Business Model Design**

Students re-visit their business model and test the validity of that model against their findings in the feasibility analysis, making adjustment as appropriate.

## **Business Valuation**

The session should introduce methods of valuing a business when selling, including:

# Profit Multiplier

The Profit Multiplier allows calculating the value of the business by multiplying its profit. For example, if a company's adjusted net profit is \$100,000 per year, and the multiple is 4, then the value of the business will amount to \$400,000. From the potential buyer's viewpoint, this means that as long as the business continues to make profits at the same level, they will get roughly \$100,000 per year for the \$400,000





investment, i.e. a 25% return. They will thus get the full return on the investment in 4 years. The profit multiplier method is also known as the Price to Earnings or P/E Ratio, the price being the value of the company and the earnings being the profit that the company generates.

If pre-tax profit is used, profit multiples for small businesses would be between 3 to 4, and occasionally 5. The P/E multiples may be higher for larger publicly traded companies, ranging anywhere from 7 to 12 and in some cases, when they have high growth potential, even more. This is one of the main reasons why large corporations can acquire a smaller business and instantly revalue them at a higher price.

## **Comparables**

A common valuation method is to look at a comparable company that was sold recently or other similar businesses with known purchasing value. The main problem with the comparables method is that it often leads to an apples-to-bananas comparison. For example, if you try to compare your company with similar Fortune 500 counterparts, you will be disappointed.

## Discounted Cash Flow Method

The discounted cash flow method is similar to the profit multiplier method. This method is based on projections of future cash flows in and out of the business. The main difference between the discounted cash flow method and the profit multiplier method is that it takes inflation into consideration to calculate the present value.

## Asset Valuation

This method does not look into the profit-generating capabilities of the business but at the net value of the assets. The net asset value of the company is the total market value of all the assets it holds, such as equipment, machinery, computers, and properties; subtracting the value of any liabilities, such as debts, leases, finance or other money or equipment owed. Basically, if the company sold all assets and paid all debts, the net asset value will be left (or "book value").

Applying asset valuation is generally more realistic if the company has a large number of assets and/or its long-term revenue generating capabilities are limited.

## Supply and demand

Actual or perceived demand as with the economic law of supply and demand can impact price. Business benefitting from scarce supply (new, patented technology business) with multiple investors interested is likely to achieve a higher valuation than a business in a competitive market with only one potential investor. The business needs to work to highlight its unique nature and identify multiple potential investors.

## Industry Norms

Each industry typically has its unique valuation methodologies. A biotech business would get priced at a higher valuation than yet another





family diner. Students should be advised to study the valuations achieved in recent financings or M&A transactions in their industry. If they feel they do not have access to relevant valuation statistics for the industry, they should engage an advisor that can assist.

## Stage of development

Where the business is in terms of stage of development is a key driver in determining valuation. Using the US High School metaphor is one way to identify stages of development:

<u>Freshman</u>: the business is still on a piece of paper or beta site (bootstrap financed - raise \$50K to \$500K).

<u>Sophomore:</u> beta site to full production site with initial users (seed stage angels - raise \$500K to \$1MM).

<u>Junior</u>: the business has achieved a full proof of concept, with rapid user or revenue growth, approaching up to \$1MM in revenues (Series A venture capital - raise \$1MM to \$5MM).

<u>Senior: the business has</u> grown to multi-millions of revenues and is ready to materially scale with a significant capital raise (Series B venture capital - raise \$5MM to \$50MM).

Which each stage of growth, the valuation is moving up along the way.

## Start-up valuation methods

When calculating a valuation, Investors will study things like:

- revenue, cash flow or net income multiples from recent financings in the industry
- revenue, cash flow or net income multiples from recent Mergers and Acquisition transactions in the industry
- a discounted cash flow analysis of forecasted cash flows from the business.

Selling your Business - How to Value It: https://exitadviser.com/

How to build a Cap Table: https://corporatefinanceinstitute.com/resources/knowledge/valuation/ cap-table-guide-template/

The Venture Capital Valuation Method: <u>https://breakingdownfinance.com/finance-topics/equity-valuation/venture-capital-valuation-method/</u>

Convertible Notes and How they Work: https://www.seedinvest.com/blog/startup-investing/how-convertiblenotes-work

Effective Financial Projections for a Start-Up: <u>https://www.journalofaccountancy.com/issues/2019/mar/startup-financial-projections.html</u>



This project has been funded with support from the European Commission. This publication reflects the views only of the author, and the Commission cannot be held responsible for any use which may be made of the information contained therein.

FINANCIAL PROJECTIONS AND INVESTOR INSIGHTS

FURTHER READING



Financial Projections Guide: <u>https://quickbooks.intuit.com/r/business-planning/how-to-create-financial-projections-for-your-startup/</u>

Start-Up Guide to valuing your Business:

https://www.startupgrind.com/blog/the-founders-guide-to-valuingyour-startup/

https://timberry.bplans.com/a-case-study-on-startup-equity/

https://dsim.in/blog/2015/04/14/zomato-an-indian-startup-acquiring-the-world/

https://foundr.com/4-startup-case-studies-failure

- Financial Projections with Assumptions
- Which Investor for me and why (includes no investment as an option) 500 words
- Business Model refined
- My Business is worth ..... because...... (students should argue their valuation)

Cornwall, J.R. (2020) Entrepreneurial Financial Management: An Applied Approach. 5th ed. London: Routledge

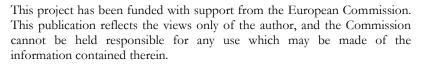
Markova, S. and Petkovska-Mircevska, T. (2009) Financing Options for Entrepreneurial Ventures. Amfiteatru Economic, 11 (26), 597-604.

Parks, S. (2006) How to fund your business: the essential guide to raising finance to start and grow your business. Harlow: Pearson Prentice Hall

Vega, G. and Lam, M.S. (2015) Entrepreneurial Finance: Finance for Entrepreneurs and Small Business. London: Routledge

Students will develop their understanding and knowledge of how to pitch their business idea. They will then pitch their business to an expert panel. Students will be encouraged to research their own pitch format rather than being provided with a standard template. The Lecture is best delivered in workshop format including small group work. Students should:

- Identify a preferred pitch format based on the timings given by the Professor.
- Re-visit their Design Thinking work think about narrative; the story and ideal customer personae.
- Discuss the Feasibility Report content What are the 'critical'



FINANCIAL PROJECTIONS AND INVESTOR INSIGHTS

CASE STUDIES AND REAL-WORLD EXAMPLES

FINANCIAL PROJECTIONS AND INVESTOR INSIGHTS

PROPOSED ASSIGNMENTS AND EXERCISES

FINANCIAL PROJECTIONS AND INVESTOR INSIGHTS

BIBLIOGRAPHY

THEME 6: PITCHING YOUR IDEA





messages they need to convey

- Agree on their needs What are they pitching for?
- Agree about communication what style will be adopted; who will say what; any handouts? Use of visual images on slides versus heavy text; body language.
- Practice and Peer Review first practice then present to a group of peers. Take feedback, refine and then prepare to present
- Presentation Panel Students deliver their pitch.

# Why Prepare a Pitch

To assess feasibility/viability

- Can the idea work/how it can be made to work?
- Test the water' to see if investors may be interested

## To communicate

- The business idea to others
- Sales document when seeking funding or financing
- A 'blueprint' for the company's plans/operations
- Product / Service Feasibility
- Introduce the new venture team and the business idea
- Explain clearly the concept, its key features and value added position
- Brand the proposition and explain its unique selling points
- Justify your business idea
- How will you produce your product/service concept
- Key: what is great about your product/service concept

Market / Industry / Competitor Analysis

- Industry: size and growth rate, structure, key success factors, industry trends, long-term prospects
- Market: who are your customers, what do they need/want, how do we satisfy this need/want, how is the market changing, how will we reach our customers
- Competitors: who are your competitors, what are your strengths and what gives you a competitive edge
- Key: evidence of demand for your product/service

Financial Analysis

- Costing: start-up costs, unit costings to produce the product/service
- Pricing: pricing strategy and justification, margins/mark-ups





- Sales forecasts: sales volume and revenue, break-even point and net profit figures
- Key: clear presentation of figures use of charts, tables and avoid spreadsheet data

The Ideal Pitch

- Excellent quality of presentation materials
- Well presented, good body language, audibility and timings
- Clear understanding of the product/service concept and ability to argue demand/market opportunity
- Appreciation of competition and own competitive edge/differentiation
- Concise, accurate and evidenced
- Contains realistic projections, costings, sales, revenue and profit
- Includes 'milestones'
- Passionate and shows a genuine interest in the business idea

Related Concepts: Tribal Marketing; Customer Personae; Narrative and Story Telling

- Communicating Your Idea with a Business Audience
- Attention grabbing first sentence, designed to hook the audience
- Definition of the problem addressed by the new business
- Presentation of the solution to the above problem
- Definition of the Market Opportunity (number of people experiencing the problem as a proxy to market potential)
- Advantages of the solution and the business
- Team who are the people eon the team, what is their experience and why they are the right people to carry the business forward
- Definition of the expectations from the listener/investor

It is important to remember that the pitch structure can be changed to fit different purposes and potential investors, and in general it should not be longer than 150 words for a 60 second pitch.

PITCHING YOUR IDEA

Guide to Investor pitching: https://www.youtube.com/watch?v=SB16xgtFmco

Investors' perspective on pitching: https://www.youtube.com/watch?v=CUP2o-8sXrQ





#### PITCHING YOUR IDEA

#### PROPOSED ASSIGNMENTS AND EXERCISES

- Tell the story of your business (exercise)
- Tell about your ideal customer (exercise)
- Which pitch format are you using and why (exercise)
- Peer Review Pitch Presentations (exercise)
- Panel Presentation (exercise and / or assessment)

#### FINAL ASSESSMENT

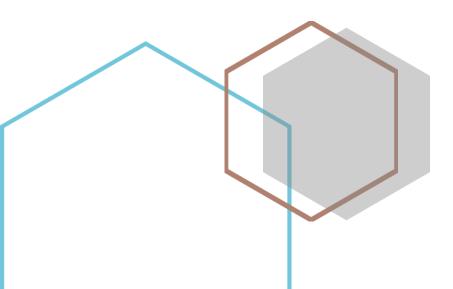
Group Report (60%) – proposal covering Technical, Market and Financial issues (no more than 2,000 words plus Appendices, Tables and References

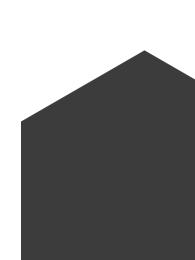
Group Presentation / Pitch (20%) – formal Presentation to a Panel for 15 minutes plus Q&A

Individual Reflective Statement (20%) – up to 1000 words.



Leading and Managing Entrepreneurial Teams (Workshop Proposal)







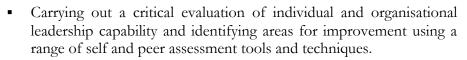
INTRODUCTION	This workshop introduces the participants to the process of becoming a reflective leader. It should show the participants that effective leadership depends on self-awareness and commitment to becoming a life-long learner. The collective performance of people is the primary business driver in today's complex and competitive environment. High performing organisations recognise the critical importance of the assessment and development of leadership and the personal qualities required to lead. The workshop provides a map of the terrain on the personal and professional journey to excellence in leading entrepreneurial people and organisations.
AIMS	The aims of this workshop are to provide students with:
	<ul> <li>An opportunity to explore and articulate their personal values and ethics and to arrive at in-depth understanding of their leadership capabilities and skills.</li> </ul>
	<ul> <li>A variety of tools and techniques to develop self- and peer- awareness and to provide insight into organisational and personal leadership practices.</li> </ul>
	• A range of contemporary approaches that they may use to manage and lead change and ultimately become better leaders.
	<ul> <li>An understanding of major contemporary issues in connection with leadership and leading high performing organisations.</li> </ul>
	The workshop should integrate theory and practice by drawing on a range of case study organisations and expert guest speakers.
LEARNING OUTCOMES	Students who successfully finish the workshop will be able to:
	<ul> <li>Critically evaluate the contemporary and seminal leadership literature and research to advance personal knowledge and understanding.</li> </ul>
	<ul> <li>Explore self and peer leadership assessment in the development of knowledge, skills and behaviour necessary for leading high performing organisations.</li> </ul>
	<ul> <li>Demonstrate how leadership can deliver business value to the organisation in a range of settings.</li> </ul>
	<ul> <li>Locate, extract and analyse data from multiple sources, including the appropriate acknowledgement and referencing of source.</li> </ul>
WORKSHOP CONTENT	<ul> <li>Synthesising contemporary and seminal leadership literature and research, conducting a critical evaluation of the contribution of the different schools of thought to advance knowledge and understanding of the discipline of leadership and leading in an organisation.</li> </ul>
	<ul> <li>Exploring the ethical, emotional and intellectual components of leadership.</li> </ul>
	This project has been funded with support from the European Commission.





TEACHING AND LEARNING METHODS

#### THEME 1: MY PERSONAL LEADERSHIP



• Creating and implementing a personal and organisational leadership agenda.

A variety of teaching and learning methods will be used which will involve group work, case studies, discussion, and practical exercises, guided reading and self-directed learning. The lecture will be used to introduce and develop underpinning knowledge of key theories, models and styles of leadership and leading in organisations and how to select and successfully apply these to different people and situations. Practical exercises and group discussions will focus on participant experiences, case studies and expert guest speakers.

The action learning will provide participants with the opportunity to relate the content of the workshop to their own organisation and / or their personal leadership development. These practical sessions are critical to the successful transfer of knowledge to practice and the stimulation of innovative approaches to existing challenges. Guided reading, self-directed study and the use of the provided learning materials will allow participants to gain a broader knowledge of the concepts and theoretical models underpinning the content. The workshop is delivered by blended learning.

The theme of this session is: Synthesising contemporary and seminal leadership literature and research, conducting a critical evaluation of the contribution of the different schools of thought to advance knowledge and understanding of the discipline of leadership and leading in an entrepreneurial organisation.

This lecture sets the scene. Students are introduced to the concept of Leadership and are encouraged to engage with Leadership at a personal level. The aim of this Lecture is to provoke thinking, debate and reflection. The purpose is to encourage students to connect personally with the topic. The following Lecture notes are written with this in mind.

This session should introduce the concept of Leadership. The lecturer works with students to encourage them to think very personally about their Leadership. A focus on Personal Leadership encourages students to think critically and to reflect on their ability to develop and utilise their positive leadership traits to guide the direction of their life instead of letting time and chance determine their course.

The teaching philosophy is one that avoids the traditional taught lecture in favour of a series of interactive exercises designed to develop appreciation, as well as knowledge.

## Leadership Definitions

"Effective leadership helps our nation through times of peril. It makes a business organisation successful. It enables a not for profit organisation to

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fulfil its mission. The effective leadership of parents enables children to grow strong and healthy and become productive adults". (Mills, 2005)

There are many other definitions, as well as:

- Century of "academic" research
- 50,000 books published each year
- 130 million books exist around the world

Yet we have not gotten nearer a consensus as to its basic meaning.

A Google Search would yield the following:

- 2007 168,000,000
- 2011 418,000,000
- 2016 641,000,000
- 2019 About 7,250,000,000 results (seven billion two hundred fifty million)

In 2015, 1,246 books were published with the word "leadership" in the title. This means that the rate of publication is more than four titles per day. Amazon offers over 57,136 books with the word "leadership" in the title.

Why are there so many leadership books?

- Many people feel free to offer opinions on leadership
- Readers have many different tastes in leadership books
- Anyone can publish a leadership book
- The practice of leadership is constantly evolving
- There is no limit to the way leadership can be described

## History of the Debate

1940's - Great Man theories of leadership (Power). Leaders are born, not made. Leaders as heroic and charismatic.

1950's –Trait theories of leadership (Power). People inherit certain qualities / characteristics that make them better suited for leadership. There is a perfect list of traits for leadership.

1955 / 1965 -Contingency (Situational) theories of leadership (Power). Particular variables in the environment or the situation will suggest the appropriate style of leadership.

1960's -Behavioural theories of leadership (Power). Leadership can be learned. Leaders are made, not born. The focus is on a leader's actions, not their thinking or state.

1970's –Participative theories of leadership (Power). People are more productive when they feel engaged and involved and have an input into decision-making. The leader retains the power.

1980's –Management theories of leadership (Punishment). Management vs. Leadership. Leadership is about discrete transactions.



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1980's -1990's – Relationship theories of leadership (People). Leadership can be used to transform people and organisations. There is a strong ethical and moral component to leadership.

2000s – Pro-social theories of leadership (People). Leadership is interrelational and co-created between people. Values-led leadership, Ethical leadership, Sustainable leadership.

More recently the academic and practitioner focus has been on Leadership in the context of:

- Gender and leadership
- Culture and leadership
- Generations and leadership
- Authentic leadership
- Blue ocean leadership
- Team leadership
- Emotional intelligence
- Social leadership
- Entrepreneurial leadership
- Agile leadership

The Behaviourist approach represents the majority view of leadership development within organisations, with huge investment in developing competence models which sit at the core of the design of leadership activities.

## The Importance of Leadership to entrepreneurial ventures

From an organisational viewpoint, leadership is vital because it has such a powerful influence on individual and group behaviour (s). Without effective leadership there can be no direction or engagement. Poor leadership costs a lot in terms of stress-related absence, and has enormous cost in terms of individual health and psychological well-being. Leadership is the single biggest factor that drives change and organisational improvement.

Thus, making an intentional choice to lead is important.

## Leadership Context

- How many leadership styles are there?
- In circumstances of market change and complexity, certain styles of leadership are more effective than other types (Goleman, 2000).
- The concept of leadership and ways to make it more effective are hard to pin down.
- Few studies have considered how leaders think: e.g. how they come to judge a strategy as being ambitious enough to create advantage but still be achievable (Carnal, 2015)





• How leaders change people's minds, only through authentic behaviour but also through productive reasoning (acting on both the rational and emotional needs of employees)

## Leadership Defined

Defining leadership is an important first step toward establishing how it should be conducted personally and within an organisation. Upon opening any textbook on leadership, you will encounter a reference to the vast and fuzzy nature of leadership studies and be alerted to the ongoing, yet so far unlucky, attempt to agree on a definition of leadership.

The Norhouse definition used most often in teaching is: "Leadership is a process whereby an individual influences a group of individuals to achieve a common goal." However, there are almost as many different definitions of leadership as there are persons who have attempted to define the concept, with an estimated 35,000 definitions of leadership available in the academic literature.

## **Personal Focus**

Leadership is a function of knowing yourself, having a vision that is well communicated, building trust among colleagues, and taking effective action to realise your own leadership potential. In essence, becoming a leader is about knowing yourself. Here the focus is on the individual.

## **Collective Focus**

Gary Yukl (2006, p.8) presents a definition that encompasses a more collective approach:

"Leadership is the process of influencing others to understand and agree about what needs to be done and how to do it and the process of facilitating individual and collective efforts to accomplish shared objectives." Here the focus is more on a collective approach. His book 'Leadership in Organizations' provides a balance of theory and practice as it surveys the major theories and research on leadership and managerial effectiveness in formal organizations.

## Is Leadership a Matter of Perspective?

Leadership is a common term but with many diverse meanings, it has been said that, like beauty, you will know leadership when you see it. This, however, means that leaders and leadership are defined in the eye of the beholder.

## Leadership Philosophy, Models and Styles

A leadership philosophy is:

- A way of thinking and behaving according to values and beliefs
- Qualities, characteristics, or ideas about which we feel strongly
- Standards to guide leadership action, judgments, and attitudes
- Something that helps define what is of worth, what is beneficial, and what is harmful





• Affects leadership thinking, practice, decisions, problem solving, goals and behaviour.

For example,

"...I believe that we are more likely to secure responsible leadership in the future if we can demystify its constituent processes. In that sense, enhanced knowledge about leadership may go hand in hand with more morally desirable forms of leadership..."

Howard Gardner (1995)

A leadership model is like a 'how-to' framework, a toolkit or a process.

A leadership style is a description of a leader's behaviours.

There are thousands of leadership philosophies, models and styles. There is no "right" one. However, one needs to be aware of the differences. All leadership is underpinned by one or another such philosophy or style (either explicitly or implicitly). They are powerful for what they focus on (or don't focus on)

## Leadership and Management: Are they the same?

"Leadership and Management are two distinct but complementary systems. While managers promote stability, leaders press for change. Only organisations that can embrace both sides of that contradiction can thrive in turbulent times" (Kotter, 1995).

Howard Gardner: <u>http://www.tecweb.org/styles/gardner.html</u>

Activities and games: <u>https://www.sessionlab.com/blog/leadership-activities/</u>

Activities and Games: <u>https://positivepsychology.com/leadership-activities/</u>

Supports an exercise to develop your personal brand: https://hbr.org/2010/03/define-your-personal-leadershi

Personal Values: https://www.mindtools.com/pages/article/newTED\_85.htm

# Leadership Defined

Students work in pairs to support each other in creating a working definition of leadership for themselves/and or their organisation? Leadership is ....... Ask this at the start of the session, then revisit this exercise again at the end of the session.

## Reflective Thinking and Practice

The purpose of reflection on leadership is to allow students to gain better understanding of themselves (their values, knowledge and skills), so they can learn from experiences, and adapt and respond to new leadership challenges. Students will explore the following questions:

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#### MY PERSONAL LEADERSHIP

FURTHER READING

#### MY PERSONAL LEADERSHIP

PROPOSED ASSIGNMENTS AND EXERCISES





- Self- leadership e.g. What supports, or holds you back, from leading?
- Motivating and inspiring e.g. What have you done that has encouraged others to be the best they can be? How have you achieved this?
- Collaborating and influencing e.g. What is the impact of your leadership on others and how can you develop your abilities to take others with you?
- Creativity and innovation e.g. What has helped you in (or perhaps stopped you from) 'thinking out of the box' and supporting others to do the same?
- Empowering e.g. What part do you play in promoting an empowering culture? What could you do differently or better to empower others?
- Vision e.g. What experiences have you had that have informed your vision for the future and what does this tell you about how you can put your ambitions into practice?

## Reflect on an Experience

Pick a leadership experience and, using Gibbs' reflective cycle, reflect on your experiences and identify the learning.

- Gibb's reflective cycle is a process involving six steps:
- Description What happened?
- Feelings What did you think and feel about it?
- Evaluation What were the positives and negatives?
- Analysis What sense can you make of it?
- Conclusion What else could you have done?
- Action Plan What will you do next time?

## Leadership in Context

- What changes do you face within your industry?
- As a business?
- As a collaboration?
- As YOU?

## Debate and Reflect

Leadership is one of the most observed and least understood phenomena on earth (Burns, 1978)

Management is a mysterious thing in so far as the more research that is undertaken the less we seem to understand (Grint, 1995)

Are these definitions the same, similar, or different?

## **Reflection Questions**





- What is management in relation to leadership?
- How do we practice management and leadership in organisations?
- Why might the promotion of leadership be controlling, manipulative or exploitative in organisations?
- How might leadership be enacted to counter resistance to change?
- How might we research the relationship between leadership and management and what issues might that raise?

## **Critical Thinking**

In your groups, summarise an article and critically consider these viewpoints which enable us to develop our critical thinking (small student groups work individually, then this is followed by discussion and feedback):

Allio, Robert, J. (2012) Leaders and leadership – many theories, but what advice is reliable? Strategy & Leadership, 41 (1), 4-14.

Dinh, Jessica E., Lord, Robert, G., Gardner, William, L., Meuser, Jeremy D., Liden, Robert C. and Hu, Jinyu (2014) Leadership theory and research in the new millennium: Current theoretical trends and changing perspectives. The Leadership Quarterly, 25 (1), 36-62.

Higgs, M. (2003). How can we make sense of leadership in the 21st century? Leadership & Organization Development Journal, 24(5), 273-284.

Winston, Bruce and Fields, Dail (2015) Seeking and measuring the essential behaviors of servant leadership. Leadership & Organization Development Journal, 36 (4),413-434.

Van Wart, M. (2013), Lessons from leadership theory and the contemporary challenges of leaders. Public Administration Review, 73 (4), 553-565.

Edwards, Gareth, Schedlitzki, Doris, Turnbull, Sharon and Gill, Roger (2015) Exploring power assumptions in the leadership and management debate. Leadership & Organization Development Journal, 36(3),328-343.

Watkins, M. (2012) How Managers become Leaders: the seven seismic shifts of perspectives and responsibilities, Harvard Business Review. June p 65-72

## Academic versus Practitioner (Discussion or Debate)

#### <u>Practitioner:</u>

- Gathers a body of knowledge through experience and practice
- Research is applied and often not shared or communicated to others
- It may be structured research (surveys, programme evaluations)
- Internal to the organisation
- Utilised in a business context
- Action learning and reflective practice occur
- Often not validated

#### Academic:





- Develops a body of knowledge through empirical research
- Research leads to theoretical frameworks, models
- Research results are published and disseminated through academic channels
- Research may have limited relevance to the real problems being faced on the ground
- Research may not be accessible to the practitioner
- His/her knowledge is deemed to be valid within academic research systems and procedures

The Answer to the debate is - 'The Learner' who:

- Develops a body of knowledge through integration of the two (academic and practitioner)
- Is encouraged to link the two processes
- Through applied learning and reflective practice develops a more holistic approach to theory and practice.

The most powerful learning occurs where knowledge of both the academic and practitioner can be cross referenced and tested for validity through reflection.

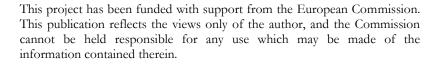
An alternative approach would involve students individually or in groups being given articles to critique and provide feedback on.

Some students can be given popular and accessible articles, such as those in Harvard Business Review, e.g.

- 'What makes a leader' by Daniel Goleman (1998)
- 'What makes an effective executive' by Peter Drucker (2004)
- 'What leaders really do' by John Kotter (1990)
- 'Managers and leaders: are they different' by Abraham Zaleznik (1977)
- 'Crucibles of leadership' by Warren G. Bennis and Robert J. Thomas (2002)
- The work of leadership' by Ronald Heifetz and Donald Levine (1997)
- Seven transformations of leadership' by David Rooke and William R. Torbert (2005)

At the same time, some students can be given key academic leadership review articles such as:

- Allio, Robert, J. (2012) Leaders and leadership many theories, but what advice is reliable? Strategy & Leadership, 41 (1), 4-14.
- Dinh, Jessica E., Lord, Robert, G., Gardner, William, L., Meuser, Jeremy D., Liden, Robert C. and Hu, Jinyu (2014) Leadership theory



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and research in the new millennium: Current theoretical trends and changing perspectives. The Leadership Quarterly, 25 (1), 36-62.

- Higgs, M. (2003). How can we make sense of leadership in the 21st century? Leadership & Organization Development Journal, 24(5), 273-284.
- Winston, Bruce and Fields, Dail (2015) Seeking and measuring the essential behaviors of servant leadership. Leadership & Organization Development Journal, 36 (4), 413-434.
- Van Wart, M. (2013), Lessons from leadership theory and the contemporary challenges of leaders. Public Administration Review, 73 (4), 553-565.
- Edwards, Gareth, Schedlitzki, Doris, Turnbull, Sharon and Gill, Roger (2015) Exploring power assumptions in the leadership and management debate. Leadership & Organization Development Journal, 36(3), 328-343.

Ask students to review their feedback – Is the thinking the same or different depending on whether the students read HBR or academic articles? What are the differences?

## Think of a Leader

- Students work in pairs. They are asked to think of a person that they would describe as an excellent leader. They should answer:
- Why are they an excellent leader?
- What is it about them that causes you to attribute excellent leadership to them?
- Does this person hold a position that contributes to you labelling them a leader? How much of your choice is influenced by their position?
- What do they do (behaviour) that says they are a leader?
- How do they change people's minds
- Describe the impacts this person has achieved on the organisation and others.

## Your Leadership Challenge

- Understand the organisation as a system
- Keep your eyes on the horizon
- Spend as much time on strategy as on daily tasks balance the strategic & the operational
- Help others distinguish between operational issues and strategic opportunities
- Seek teachers and mentors
- Teach and mentor others





• Practice self-awareness and social-awareness – seek feedback, test your assumption, learn self-control, develop awareness of others, develop and sustain relationships.

# **Discover Purpose and Voice**

- Why are you where you are?
- What are your personal values
- What do you think about leadership and why?
- How do you express yourself?

## Turn Aspiration into Action

- Figure out what you most deeply aspire to do as a leader
- Use your inspiration to achieve your own and your organisational goals

# Do You? Act with Credibility and Integrity

- Act consistently or explain inconsistencies
- Deliver on responsibilities and promises
- Develop a personal ethos
- Stay centred in your values

# Do You? Look to Inspire and Lead Others?

- Tap the aspirations of others
- Find ways to bridge aspirations and needs
- Create room for diversity of thought and viewpoint
- Look for everyday opportunities to lead and follow

## Individual Exercise: What are your leadership values?

- Qualities, characteristics, or ideas about which you feel strongly
- Standards to guide your leadership actions, judgments, and attitudes
- Help you define what is of worth, what is beneficial, and what is harmful
- Affect leadership thinking, practice, decisions, problem solving, goals and behaviour

## Your personal values are your deepest driving force

- Did any of your values surprise you?
- Was the leadership process easy or difficult for you?
- Is there any congruence between what you say your values are and the structure, focus and content of your current leadership role?
- If not, what changes would you want to make?

## Individual Exercise





- What drives you?
- What moves you passionately?
- What do you value? How do your values translate to you being a leader? How are your values demonstrated daily?
- What is your cause? What are you committed to in your personal and professional life?
- Leadership without passion is not leadership at all!

Carnall, C. (2015) Strategic leadership development. London: Palgrave Macmillan. (ebook)

Northouse, P (2018) Leadership: Theory and Practice. 6th ed. SAGE

Northouse, P. (2018) Introduction to Leadership: Concepts and Practice. 4th ed. SAGE

Watkins, M. (2012) How Managers become Leaders: the seven seismic shifts of perspectives and responsibilities, Harvard Business Review. June p 65-72

By the end of this part of the session, students should be able to:

- define what emotional intelligence is and outline its place in daily work
- interpret the different dimensions of emotional intelligence and reflect on their own approach, enabling them to gradually improve their personal effectiveness
- apply their learning to encourage emotionally intelligent behaviour in their colleagues and so improve the quality of working relationships.

Leading with emotional intelligence is a relatively recent behavioural model, rising to prominence with Daniel Goleman's 1995 book called 'Emotional Intelligence'. The early Emotional Intelligence theory was originally developed during the 1970s and 1980s by the work and writings of psychologists Howard Gardner (Harvard University), Peter Salovey (Yale University) and John 'Jack' Mayer (New Hampshire University). Emotional Intelligence is increasingly relevant to organisational development and developing people, because the EQ principles provide a new way to understand and assess people's behaviours, management and leadership styles, attitudes, interpersonal skills, and potential.

IQ defines the level of intelligence an employee has to understand, interpret and implement his/her knowledge in varied situations leading to personal as well as the organisations growth (it measures cognitive capabilities). "EQ is about being smart with your emotions...it's about tuning into yourself and others and then using valuable information to better manage yourself and your relationships with others." Coffey and Murray (2010).



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MY PERSONAL

LEADERSHIP BIBLIOGRAPHY

#### THEME 2: LEADING WITH (EMOTIONAL) INTELLIGENCE



Emotional intelligence (EI) describes the ability to understand one's own feelings. It also provides great insight on how emotion influences motivation and behaviour.

Participants in the lecture will gain a better understanding of selfmanagement and self-awareness. This in turn will give them better insight and control over their actions and emotions. With a greater understanding of emotions, students will experience a positive impact on their professional and personal lives. Emotional intelligence activities and exercises are attempts to build, develop, and maintain students' emotional intelligence.

This workshop should also speak to the *Future of Work* Agenda, encouraging students to think about what effective Leadership looks like in a world that is rapidly transforming.

Informed by theory, this Lecture is intended to be interactive and practical, with learning gained through a combination of activities, exercises and discussion.

"Leadership Research has shown that the most successful leaders have strengths in the following emotional intelligence competencies: selfawareness, self-regulation, motivation, empathy, and social skill. There are six basic styles of leadership; each makes use of the key components of emotional intelligence in different combinations. The best leaders don't know just one style of leadership— they're skilled at several, and have the flexibility to switch between styles as the circumstances dictate." (Goleman, 2000)

In both his books *Emotional Intelligence* (Bantam, 1995) and *Working with Emotional Intelligence* (Bantam, 1998), Goleman gives a very detailed overview of emotional intelligence and the six competencies:

#### Self-Awareness

- *Emotional self-awareness*: the ability to read and understand your emotions as well as recognize their impact on work performance, relationships, and the like.
- Accurate self-assessment: a realistic evaluation of your strengths and limitations.
- *Self-confidence*: a strong and positive sense of self- worth.

#### Self-Management

- *Self -control:* the ability to keep disruptive emotions and impulses under control.
- Trustworthiness: a consistent display of honesty and integrity.
- Conscientiousness: the ability to manage yourself and your responsibilities.
- *Adaptability*: skill for adjusting to changing situations and overcoming obstacles.
- Achievement orientation: the drive to meet an internal standard of excellence.





• Initiative: a readiness to seize opportunities

#### Social Awareness

- *Empathy*: skill at sensing other people's emotions, understanding their perspective, and taking an active interest in their concerns.
- Organizational awareness: the ability to read the currents of organizational life, build decision net-works, and navigate politics.
- *Service orientation*: the ability to recognize and meet customers' needs.

#### Social Skill

- *Visionary leadership*: the ability to take charge and inspire with a compelling vision.
- *Influence*: the ability to wield a range of persuasive tactics.
- *Developing others*: the propensity to bolster the abilities of others through feedback and guidance.
- *Communication*: skill for listening and sending clear, convincing, and well-tuned messages.
- *Change catalyst*: proficiency in initiating new ideas and leading people in a new direction.
- *Conflict management*: the ability to deescalate disagreements and orchestrate resolutions.
- *Building bonds*: proficiency at cultivating and maintaining a web of relationships.
- *Teamwork and collaboration*: competence at promoting cooperation and building teams.

## Leadership Styles

"The coercive style. This "Do what I say" approach can be very effective in a turnaround situation, a natural disaster, or when working with problem employees. But in most situations, coercive leadership inhibits the organization's flexibility and dampens employees' motivation

The authoritative style. An authoritative leader takes a "Come with me" approach: she states the overall goal but gives people the freedom to choose their own means of achieving it. This style works especially well when a business is adrift. It is less effective when the leader is working with a team of experts who are more experienced than he is.

The affiliative style. The hallmark of the affiliative leader is a "People come first" attitude. This style is particularly useful for building team harmony or increasing morale. But its exclusive focus on praise can allow poor performance to go uncorrected. Also, affiliative leaders rarely offer advice, which often leaves employees in a quandary.

The democratic style. This style's impact on organizational climate is not as high as you might imagine. By giving workers a voice in decisions, democratic leaders build organizational flexibility and responsibility and help generate fresh ideas.

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But sometimes the price is endless meetings and confused employees who feel leaderless.

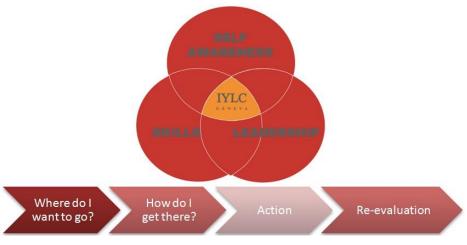
The pacesetting style. A leader who sets high performance standards and exemplifies them himself has a very positive impact on employees who are selfmotivated and highly competent. But other employees tend to feel overwhelmed by such a leader's demands for excellence—and to resent his tendency to take over a situation.

The coaching style. This style focuses more on personal development than on immediate work-related tasks. It works well when employees are already aware of their weaknesses and want to improve, but not when they are resistant to changing their ways."

HBR Goleman, March-April 2000

"The more styles a leader has mastered, the better. In particular, being able to switch among the authoritative, affiliative, democratic, and coaching styles as conditions dictate creates the best organizational climate and optimizes business performance."

Goleman, 2014



(Source: International Young Leaders Club, Coaching Model, 2014)

ESCI Guide http://eiconsortium.org/pdf/ESCI user guide.pdf

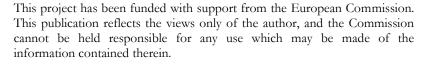
Future of Work https://www.weforum.org/projects/future-of-work

Future of Work <u>http://www.ilo.org/global/topics/future-of-work/lang-</u>en/index.htm

Emotional Intelligence Activities and Exercises https://positivepsychology.com/emotional-intelligence-exercises/

What is Emotional Intelligence <u>https://positivepsychology.com/emotional-</u> intelligence-eq/

EmotionalIntelligenceinLeadershiphttps://www.mindtools.com/pages/article/newLDR\_45.htm



#### LEADING WITH (EMOTIONAL) INTELLIGENCE

FURTHER READING





LEADING WITH (EMOTIONAL) INTELLIGENCE

CASE STUDIES / REAL-WORLD EXAMPLES

LEADING WITH (EMOTIONAL) INTELLIGENCE

PROPOSED ASSIGNMENTS AND EXERCISES

#### LEADING WITH (EMOTIONAL) INTELLIGENCE

BIBLIOGRAPHY

#### THEME 3: ENTREPRENEURIAL LEADERSHIP



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What energises you, what weakens you – working to your strengths <u>http://whatsbestnext.com/toolkit/do-what-energizes-you-not-what-weakens-you-what-it-means-to-work-in-your-strengths/#\_ftn19</u>

## Students can work on the following case study:

https://www.6seconds.org/2014/01/14/case-study-emotional-intelligence-people-first-leadership-fedex-express/

Exercise 1 (In pairs) Emotional Intelligence Practical coaching exercise

Students should use the ESCI self-assessment as a guide (http://www.eiconsortium.org/pdf/ESCI\_user\_guide.pdf)

Exercise 2+ Critique and Feedback – For Discussion by the Class

One or more students are given a topic to research prior to the Lecture. They then present their findings to the remainder of the class. Students are encouraged to ask questions and discuss what has been presented. Suggested topics are as follows:

- Investigate the role of emotional and social intelligence on the development of leadership
- Investigate the role of the future of work and human insights on the development of leadership.

Goleman, D. (1998) "What Makes a Leader?", Harvard Business Review, November-December 1998, pp 93-102

Goleman, D. (2000) "Leadership That Gets Results". Harvard Business Review, March-April 2000, pp 78-90

Goleman, D., Boyatzis, R. and McKee, A., (2002) Primal Leadership: Learning to Lead with Emotional Intelligence Boston, MA, Harvard Business School Press

Goleman, D & Boyatzis, R. (2008) "Social Intelligence and the Biology of Leadership". Harvard Business Review, Sept 2008, pp 74-81.

Following an introduction to key concepts related to entrepreneurship, inclusive leadership, interculturalism and globalisation within the classroom context, students will have the opportunity to explore what it means, at an individual level, to be an entrepreneurial leader and engaged global citizen.

Their experiential learning will be supported by online resources that will enhance the students' global literacy and enable them to better comprehend and articulate key global challenges that impact communities locally. A significant learning outcome is the acquisition of discipline related language

information contained therein.



skills but students will also be exposed to vocabulary that will enable them to describe and debate foundational questions such as power and powerlessness in a 21st century world that is increasingly connected yet, paradoxically, increasingly divided.

The concept of entrepreneurial leadership was introduced in 2000 by McGrath and MacMillan who suggested that in dynamic markets, where there is increased uncertainty and competitive pressure, a new type of leader is required. They described this as the "entrepreneurial leader".

These fast changing markets or situations give those with an "entrepreneurial" approach the ability to exploit opportunities to gain advantage for their organisation faster than others. The entrepreneurial leadership concept moves beyond the individual pursuit of the entrepreneur to the ability to bring about a collective entrepreneurial response.

The principles of entrepreneurial leadership and 'being entrepreneurial' can be applied to a number of sectors and to a wide variety of organisations. It is not only about start-up. Larger organisations are increasingly embracing this concept in their efforts to improve client/customer service and overall performance. In organisations where managerial thinking, processes and structures drive responses, entrepreneurial leaders spot opportunities, manage risk and seek out opportunities to add value.

Convergence theory in relation to entrepreneurial leadership is showing a global convergence around an open style of leadership traditionally practiced by US entrepreneurs.

The workshop aims to:

- Expose students to the language and theoretical concepts underpinning entrepreneurship, inclusive leadership, interculturalism and key global challenges of the 21st century
- Use experiential learning to develop the competence, confidence and character that will encourage students to take responsibility as Global Citizens.

Successful students will be able to:

- Demonstrate effective communication skills individually and in group work
- Demonstrate critical thinking
- Conceptualise and be able to reflect on personal values and how these concerns might shape individual responses to global issues
- Demonstrate an ability to describe and analyse the characteristics of entrepreneurial leadership within the context of key global challenges, verbally and in writing.

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### ENTREPRENEURIAL LEADERSHIP

ENTREPRENEURIAL

LEARNING OUTCOMES

LEADERSHIP

ΑΙΜ



#### ENTREPRENEURIAL LEADERSHIP

CONTENT

### Session 1

Entrepreneurship: The Social and Business Revolution (Burns, 2016, Chapter 1)

This session examines the rapid change that has been occurring in the external environment and sets the context for the remainder of the workshop. The concepts of entrepreneurship and entrepreneurial management and leadership are introduced, as well as associated topics of small firms and social enterprise.

### Session 2

The (Global) Entrepreneurial Character (Burns, 2016, Chapter 3)

The characteristics and personality traits of entrepreneurs are discussed in depth, as well as social and demographic influences. Examples of entrepreneurs are presented and common personality traits and characteristic of these individuals are examined.

Session 3

Discovering a Business Idea (Burns, 2016, Chapter 4)

This session will discuss the concept of creativity and how this relates to generating opportunities specifically and the concept of entrepreneurship more generally. Insights are provided around innovation and thinking creatively, as well as opportunity recognition and ideas generation.

### Session 4

Researching and Evaluating the Business Idea (Burns, 2016, Chapter 5)

Leading on from the previous session, the next stages involve highlighting the importance of conducting research and developing a thorough understanding of the market. A range of analytical tools and models are presented which will provide a more in-depth understanding of what is required when researching and evaluating a business idea.

## Session 5

Entrepreneurial Leadership (Burns, 2016, Chapter 18)

This key session consolidates the learning from other workshops and presents the concept of entrepreneurial leadership. It further examines issues ranging from how entrepreneurs manage, the differences between management and leadership, the role of the leader, theories of leadership, leadership styles, cultural issues, managing conflict. The overall aim is to provide a clear and comprehensive understanding of the concept of entrepreneurial leadership and what is involved.

## Session 6

Start-up: Developing the Business Model (Burns, 2016, Chapter 6)

This session focuses on 'bringing the idea to life'. The New Venture Creation Framework is presented, discussed and applied in depth, focusing on issues such as, identifying market segments, defining the value proposition, tailoring the marketing mix, understanding the customer, etc.





# Session 7

Adding Values to the Business Model (Burns, 2016, Chapter 7)

This session discusses the importance of identifying the values on which the start-up is based and how these values can be embedded in the company and communicated effectively. Issues around the vision and mission are discussed and the role of Corporate Social Responsibility (CSR) is explored.

## Session 8

Launching the Business (Burns, 2016, Chapter 8)

This session focuses on the people aspect, both in terms of attracting and retaining the best people (internal) and attracting and retaining customers. Attendant issues around selecting and developing the 'right' team, finding customers, communications, sales and establishing a competitive position are all discussed in depth.

## Session 9

Strategies for (Global) Growth (Burns, 2016, Chapters 12 and 13)

This session examines the concept of growth and the challenges of growing the business. Various strategies and frameworks are presented and various growth options are explored. Practical examples are provided throughout to illustrate some of the challenges involved.

## Session 10

Financing the Business (Burns, 2016, Chapter 14)

This session examines the various forms and sources of finance available to the firm and discusses the appropriateness of each. Choosing the 'right' sort of finance at various stages of the firm's growth is also analysed. You may also wish to cross-refer to the workshop 'Financing Entrepreneurial Ventures.'

# Session 11

Family Business/Corporate Entrepreneurship (Burns, 2016, Chapters 17, 19)

This session examines the concepts of family business and corporate entrepreneurship. For the former, the significance of family firms in the business world is explored, as well as the advantages and challenges associated with family firms and the cultural (and other) conflicts between family and business. The topic of succession planning is also discussed. For corporate entrepreneurship, the challenges of embedding an entrepreneurial culture and building a learning organisation in larger firms are discussed.

## Session 12

Student Presentations and Discussions, workshop round-up.





### ENTREPRENEURIAL LEADERSHIP

LEARNING AND TEACHING METHODS

### ENTREPRENEURIAL LEADERSHIP

BIBLIOGRAPHY AND FURTHER READING

### ENTREPRENEURIAL LEADERSHIP

CASE STUDIES / REAL-WORLD EXAMPLES



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Key concepts and theories will be presented through a combination of lecture and seminar activities, as well as practical exercises, with directed readings and discussions, multimedia resources, and case studies.

During the seminars, topics will be explored and developed through a mix of case studies, student-led presentations and/or debates. In order to assist students to adopt a global outlook, case studies will be drawn from a range of global and cultural contexts. These will also feed into work undertaken during seminars where key topics will be further discussed and researched by the students to identify practical instances of entrepreneurial leadership drawn from the various cultures. Seminars will provide opportunity for students to work together to apply the knowledge from lectures in practical tasks.

Inclusive Leadership Traits: Bourke, J. and Dillon, B. (2016) 'The six signature traits of inclusive leadership: Thriving in a diverse new world'. Deloitte University Press, April 14. Available at: https://dupress.deloitte.com/dup-us-en/topics/talent/six-signature-traits-of-inclusive-leadership.html#endnote-sup-3

*Global Leadership. Cross cultural perspectives*: Gerhrke, B. and Claes, M.T. (2014) Global Leadership Practices: A Cross-Cultural Management Perspective. London: Palgrave Macmillan

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*Entrepreneurship in Practice. Entrepreneurial Mindset:* Neck, H.M, Neck, C.P. and Murray, E.L. (2018) Entrepreneurship: The Practice and Mindset. London: Sage Publications

*Global Challenges. Future of Work. Entrepreneurial challenges*: Schrieber, U. (2017) 'Three key challenges for the world in 2017'. World Economic Forum Annual Meeting 2017. Available at: https://www.weforum.org/agenda/2017/01/three-big- challenges-for-theworld-in-2017

Esmer, Yusuf & Dayi, Faruk. (2018). Entrepreneurial Leadership: A Theoretical Framework. 4. 10.30798/makuiibf.332570.

## Steve Jobs:

http://www.knowledgeworkz.com/samatvam/newsletter/Steve%20Jobs% 20%C2%AD%20The%20Entrepreneurial%20Leader%20V1.pdf

Prof Yunus:

https://www.economist.com/media/globalexecutive/banker\_to\_the\_poor\_yunus\_e.pdf

Female Social Entrepreneurs:



# https://changecreator.com/5-women-social-entrepreneurs-reinventingworld-get-inspired/

Students should be encouraged to identify entrepreneurial leaders from anywhere in the world. This can be someone local to them, a national or global figure. It will include business leaders. However, students should think beyond business to leaders they can argue acted entrepreneurially in bringing about a collective response to a significant challenge. This means that they do not have to be wealthy people. They may come from communities, they will come from diverse backgrounds including ethnic diversity, gender, age, social background and so on. Where a global multinational is used as a case study, this can be inspiring but it can also seem too distant from the students' own experience.

### Steve Jobs:

http://www.knowledgeworkz.com/samatvam/newsletter/Steve%20Jobs% 20%C2%AD%20The%20Entrepreneurial%20Leader%20V1.pdf

Prof Yunus:

https://www.economist.com/media/globalexecutive/banker to the poor yunus e.pdf

Female Social Entrepreneurs:

https://changecreator.com/5-women-social-entrepreneurs-reinventingworld-get-inspired/

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## Written assignment [50%]

Each student will research, develop and write up a case study on a global entrepreneur from a country of their choice, with a specific focus on the evolution of the idea/concept and how this global entrepreneur formed their companies and the key events/barriers they encountered, and how they achieved global growth. 1000 words maximum.

Presentation [50%] (Groups of 4/5 students)

As a group, students will be allocated a societal challenge to address. Students are required to invent a start-up to address this challenge, and develop an outline business plan as to how this might happen, paying

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### ENTREPRENEURIAL LEADERSHIP

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PROPOSED ASSIGNMENTS AND EXERCISES





particular attention to the role of the leader(s). The group is asked to present findings from this exercise in 15-20 minute presentation and they should be prepared to host a short discussion and take questions on their presentation. (Maximum 8 slides).

'Academic Critique' Exercises

Used to support class discussions; pre-reading; student synthesis and presentation. Promotes critical thinking, discussion, communication, synthesis, team work. Select reading for the students, for example, as pre-reading. Students come prepared to present and discuss their findings. Can be an individual exercise but works well as small group work. Examples of reading might include:

Emerald (2007) Special issue on Entrepreneurial teams. Management Research News, 30 (9)

Ben-Hafaiedh, C. (2017) Research handbook on entrepreneurial teams: theory and practice. Cheltenham, UK: Edward Elgar Publishing.

Chaston, I. (2010) Entrepreneurial management in small firms. London: SAGE.

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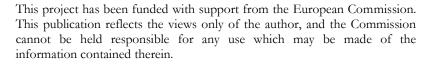
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Leon, S. and Sascha, K. (2009) Entrepreneurial teams: definition and performance factors. Management Research News, 32 (6), 513-524.

Leon, S., Sascha, K., Sanna, T., Jari, H. and Matthias, F. (2009) Entrepreneurial teams vs management teams: Reasons for team formation in small firms. Management Research News, 32 (6), 555-566.

Lyndon, S. and Pandey, A. (2019) Shared leadership in entrepreneurial teams: a qualitative study. Journal of Indian Business Research,

Ma, L., Cao, Y., Jiang, D., Gao, Y. and Du, X. (2020) Does ethics really matter to the sustainability of new ventures? The relationship between entrepreneurial ethics, firm visibility and entrepreneurial performance. PLoS ONE, (1), e0226920.

Maak, T. and Pless, N.M. (2006) Responsible leadership. London: Routledge.

Renko, M., El Tarabishy, A., Carsrud, A. L. and Brannback, M. (2015) Understanding and measuring entrepreneurial leadership style. Journal of Small Business Management, 53 (1), 54-74.

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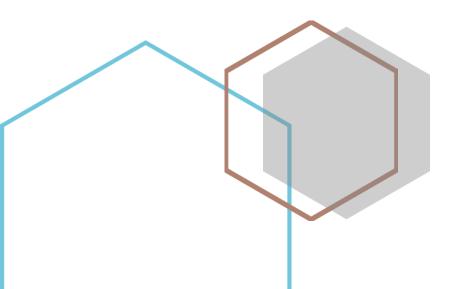


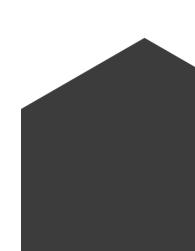
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Entrepreneurship in the Context of Regional Development and Growth: Entrepreneurial Ecosystems







### INTRODUCTION

The region is becoming the standard reference for economic and social development, which means that regions have to take on a new role to tackle the challenges in a market-driven, globalized economy. In that context, a lot of interest has been generated in the contribution of entrepreneurship to social and economic regional development over the last decades.

Regions are considered to be important sources of economic development and growth in the globalized economy. At the same time entrepreneurship, through the innovation that it is likely to generate, is considered to be a key factor for the development potential of regions.

Entrepreneurship has a significant regional dimension and is heavily affected by the regional entrepreneurial environment and to what degree it fosters and supports risk-taking and innovation. Regional development theories and approaches that do not take into account or incorporate entrepreneurship as a factor for regional growth may fail to understand and explain the factors and processes that lead to regional growth/development.

A very common concept that is used for entrepreneurship in relation to regional development is the concept of "Entrepreneurial Ecosystem". The entrepreneurial ecosystem approach offers a unique perspective on regional economic activity and growth that is becoming more and more relevant. Appropriate regional policy can play a role in empowering entrepreneurial firms and, at the same time, provide a layer of protection, especially for SMEs.

While the national level is still important and even dominant, it is no longer the only point of reference in regard to economic development. The region is increasingly becoming the standard reference for economic and social development. This means that regions have to take on a new role (and many regions have already done so), as they face two challenges in a marketdriven, global economy:

- a. They have to be concerned with socio-economic welfare. This means mainly employment, as job creation (which is an important factor of economic growth) is central to the success of a regional economy
- b. They must undergo structural changes and increase productivity in order to develop their economy (Malecki, 1997).

In an age of increasing globalization, it can be argued that the regional level has become more important than before in promoting and understanding innovation and economic growth (Porter 2000; Krugman 2005). Studies have shown that many things are changing regarding the development of regions. Governments are not as willing to intervene as they did in the past. More often than not, the State assumes the role of merely supporting the regions as they take charge of their own development. From that new perspective, local resources (economic, cultural or social), have strategic value in the development of regions. Even if the central government still contributes economically, it seems that regional development can be better understood by analyzing each region's cultural and social dimensions

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#### ENTREPRENEURSHIP AND REGIONAL DEVELOPMENT





(Chouinard et al, 2002).

Fischer & Nijkamp (2009) argue that the traditional take on regional growth, which suggests that regions with higher income need to make productive investments in regions with lower income, is subjected to many restrictive assumptions. In fact, they contend that these assumptions are so many (full mobility, absolute cost differences, no inertia, complete foresight on profitable investments, etc.), that a balance may be very hard to achieve. A possible answer to these restrictions can be sought by exploring the positive relationship between entrepreneurship and economic development through employment generation and poverty reduction, a relationship that has been well established in academic research.

In that context, a lot of interest has been generated in the contribution of entrepreneurship to social and economic regional development over the last decades. Regional economic development is viewed as the sum total of the means of production and its management. As such it includes the material infrastructure available at regional level, and the institutional (soft) infrastructure such as informal practices, governance, political and social organizations and culture (Stough, 2016). When considering improvements in a regional business environment, emphasis is often placed on improving hard infrastructures. In many cases this is essential and even necessary. However, in many cases improvements in a region's soft infrastructure appear to be of extreme importance, too. This implies that a policy focused on improvement and investment into soft support infrastructures might be imperative in aiding the renewal of peripheral regions (Arbuthnott & von Friedrichs, 2012).

Regions are considered to be important sources of economic development and growth in the globalized economy. At the same time entrepreneurship, through the innovation that it is likely to generate, is considered to be a key factor for the economic growth of regions. The ability of a region to benefit from the positive effects generated by entrepreneurship is likely to depend on their capability to innovate (turn knowledge into innovation) at regional level and achieve growth through the creation and dissemination of knowledge (Huggins and Thompson, 2015). Entrepreneurship entails risktaking in an uncertain and highly competitive economic environment and it drives innovation. In doing so, entrepreneurship creates the conditions to position a region at the forefront of economic progress. For many researchers, entrepreneurial culture is a prerequisite for the wealth of regions.

In any case, entrepreneurship has a significant regional dimension, with differences in start-up creation rates, as well as differences in entrepreneurial attitudes and in the success and survival of start-ups. This underlines the role of the regional entrepreneurial environment in fostering and supporting entrepreneurship (Fritsch and Wyrwich, 2014). At the same time, regional development is a dynamic phenomenon which affects business activities in many ways. SMEs play a critical role in this complex relationship, as many forms of creative entrepreneurship and innovation are found in this sector. It is clear that the regional system (education, social support system, culture,



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accessibility, etc.) plays an important role in the changing conditions for entrepreneurship (Fischer & Nijkamp, 2009).

Regional development theories and approaches that do not take into account or incorporate entrepreneurship may fail to understand and identify key sources of regional innovation (Andersson, 2005). Entrepreneurs in more innovative regional environments are likely to be more alert to opportunities (to identify and pursue them) and to contribute to regional economic growth. Some researchers argue that the existing entrepreneurial mindset in a region plays an important role in these dynamics.

Entrepreneurship is heavily affected by local support conditions, which include incubation systems, venture capital availability and conditions, accessibility and openness of relevant systems, specialized and/or highly skilled labor force, ICTs and cutting edge technologies, learning mechanisms, etc. (Fischer & Nijkamp, 2009). Especially with the development of current ICT infrastructures, the reach of entrepreneurs (along with the challenges they have to face) has significantly increased, putting the geography of entrepreneurship and innovation at the forefront of research in modern regional economics.

The notion of clustered regional industry refers to interconnected businesses and organizations in a specific region. These businesses, through relationships that are at the same time cooperative and competitive, glean productive synergies for themselves and their particular local industry. This involves the existing localized business support infrastructure and requires a shared vision (Delgado et al., 2010). Both the private and public sector actors engaged in clustered regional industry are assumed to create, discover and take advantage of many profitable opportunities for their development.

## The Entrepreneurial Ecosystems

A very common concept that is used when studying entrepreneurship in relation to regional development is the concept of "Entrepreneurial Ecosystem". This is not the first time the ecosystem concept has been adopted to help define economic systems, with first references as early as 1971. But the concept of the entrepreneurial ecosystem started emerging in the 1980's and 1990's, when the role of social, cultural and political factors was recognized as instrumental in entrepreneurship development (Drakopoulou Dodd & Anderson, 2007).

## Definitions of the Entrepreneurial Ecosystem

An interactive community of different and interdependent factors and actors within a geographic region, which develops over time and whose actors and factors coexist and interact to develop entrepreneurship	Vogel (2013)
A set of interdependent actors and factors coordinated in such a way that they enable productive entrepreneurship within a particular territory	101

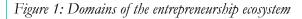


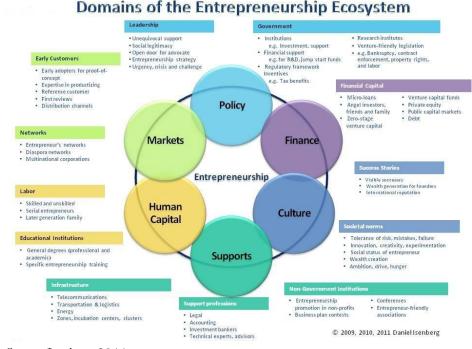


A set of interconnected entrepreneurial	Mason, C., & Brown,
actors, organizations, institutions and	R. (2014)
processes which formally and informally	
interact to connect, mediate and govern the	
performance within the local entrepreneurial	
environment	

Source: Adapted from Tiwari N. (2018)

From the above, it can be understood that an entrepreneurial ecosystem consists of a plethora of elements in interaction, which, according to Daniel Isenberg, can be grouped into six general domains, as it can be seen in the figure below:





Source: Isenberg, 2011

Following research on the importance of entrepreneurship and its relationship with sustained regional economic growth, many regional authorities, agencies and organizations have sought to implement policies intended to support entrepreneurship and entrepreneurial ventures. Many have adopted the ecosystem approach. Some of the strategies adopted to enable entrepreneurial ecosystems, according to Auerswald (2015), include:

- <u>Favour the status quo less</u>. Policies and regulations that favour existing, dominant companies create barriers to entry by new firms and restrict competition.
- <u>Listen to the entrepreneurs.</u> Rather than develop policies on their own, policymakers should engage local entrepreneurs in person to develop and implement practical policies that address actual needs.





- <u>Map the ecosystem</u>. Determine who the participants in the ecosystem are and how they are connected. After validation of the entrepreneurial community, ecosystem maps can become valuable tools.
- <u>Think big, start small, move fast</u>. This simple rule, which applies to entrepreneurial ventures, also holds true for strategies to enable local entrepreneurial ecosystems. To be effective, such strategies should seek early success and scale out.
- Avoid community or strategy segmentation. Entrepreneurs are active participants in a range of activities. These activities include creating new companies, investing in start-ups, mentoring other entrepreneurs, teaching in formal or informal settings, providing services and serving as customers of other companies. Keeping in mind that participants in an entrepreneurial ecosystem may be playing multiple roles, it would be wise to make the most of the unique skillsets of the most versatile community members.
- Find opportunity in crisis. Economic disruption creates entrepreneurial opportunities (creative destruction). Since disruptions are an inevitable part of economic and social activities, it makes sense to anticipate them and prepare to make the most of any opportunities that may emerge. Better understanding of actual ecosystems provides a conceptual framework within which policymakers can ask relevant questions, envision better approaches, and evaluate scenarios and possible outcomes.

The entrepreneurial ecosystem approach offers a unique perspective on regional economic activity and growth that is becoming more and more relevant. On the one hand, the focus is on entrepreneurial activity and especially on high-growth, scalable firms. On the other hand, there is an emphasis on local and regional environments and the conditions required to foster and support successful entrepreneurial activities, with the interactions between framework conditions and local/regional environments being equally important. Appropriate regional policy can play a role in empowering entrepreneurial firms and, at the same time, providing a layer of protection in issues related to intellectual property rights, working with bigger and/or international companies, etc. (Huggins and Thompson, 2015).

### FURTHER READING

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Entrepreneurship Ecosystem Project—Babson College's Daniel Isenberg <u>https://www.youtube.com/watch?v=YOaainC4bLk</u>

### SUMMARY OF KEY POINTS

While the national level is still important, the region is increasingly becoming the standard reference for economic and social development, leading regions all over the world to take on a new role, as they face new challenges in a market-driven, global economy.

- Local resources (economic, cultural or social) acquire strategic value in the development of regions. Even if the central government still contributes economically, it seems that regional development can be better understood by analyzing each region's cultural and social dimensions.
- Entrepreneurship, through the innovation that it is likely to generate, is considered to be a key factor for the development and economic growth of regions. At the same time, the regional system (education, social support system, culture, accessibility, etc.) plays an important role for changing the conditions for entrepreneurship.
- The entrepreneurial ecosystem can be described as the set of actors, organizations, institutions and processes which formally and informally interact to connect, mediate and govern the performance within the local entrepreneurial environment.
- Regional policies for entrepreneurship development can play a role in empowering entrepreneurial firms and, at the same time, providing a layer of protection to local enterprises.

## Proposed assignments and exercises

Assignment 1: Regional entrepreneurship policies

Description: Students are asked to identify, describe and evaluate the most recent regional policy aimed at fostering and supporting entrepreneurship in their region. In addition to regional authorities' websites (and websites of other relevant public and non-governmental organizations), any documents related to regional strategy (especially entrepreneurial strategy) or regional policies, evaluation or published results of implemented policies or any relevant studies and/or research that could be provided by the educator will help the students to work more efficiently.

Objective: Get students to identify and evaluate the effectiveness of regional entrepreneurship support policies

Duration: 60-120 min

Assignment 2: Entrepreneurial ecosystem



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ASSESSMENT



Description: Students are asked to choose a region they are familiar with (alternatively, the educator can choose a region and provide relevant information about it) and describe the regional entrepreneurial ecosystem. They must search for relevant information and answer questions such as:

- Who are the main actors?
- What are the main influencers?
- What are the most important interactions between them?
- What policies are in effect and what is their impact on the ecosystem?

Objective: Get students familiar with the concept of the entrepreneurial ecosystem and increase understanding of its components

Duration: 120 - 180 min

Question 1: Regions	•••
Answer 1	are increasingly depend on State funding.
Answer 2	are becoming the point of reference for economic development.
Answer 3	only have to improve hard infrastructure in order to facilitate development.
Answer 4	and their development are not dependent on regional entrepreneurial activity.
Answer 5	have to face new challenges in a globalized economy.
Correct answer(s)	2,5
<b>Question 2: Entrepr</b>	eneurship and entrepreneurial activities
<b>\</b> 1	1 1
Answer 1	
	are not influenced by the global economic
Answer 1	are not influenced by the global economic environment.
Answer 1 Answer 2	are not influenced by the global economic environment. have a very limited effect on regional growth. are closely related to a region's entrepreneurial culture.
Answer 1 Answer 2 Answer 3	are not influenced by the global economic environment. have a very limited effect on regional growth. are closely related to a region's entrepreneurial culture. often lead to innovation which drives economic





Answer 1	is a term that describes regional entrepreneurship performance.
Answer 2	concept emerged in the last decade.
Answer 3	concept is applied at the national level.
Answer 4	approach reflects the fact that social, cultural and political factors are instrumental in entrepreneurship and economic development.
Answer 5	is a set of interdependent actors and factors coordinated in such a way that they enable productive entrepreneurship within a territory.
Correct answer(s)	4,5
Question 4: Regiona	l policies to support entrepreneurship:
Answer 1	may include incubation and support for start- ups.
Answer 2	should take into account the actual needs of local enterprises.
Answer 3	can enforce tariff and customs regulations.
Answer 4	may apply restrictions to capital and product mobility.
Answer 5	have priority over national policies.
Correct answer(s)	1,2
-	one of the next terms is immediately related to systems?
entrepreneurial ecos	
entrepreneurial ecos Answer 1	Leadership
-	Leadership Incubators
Answer 1	
Answer 1 Answer 2	Incubators





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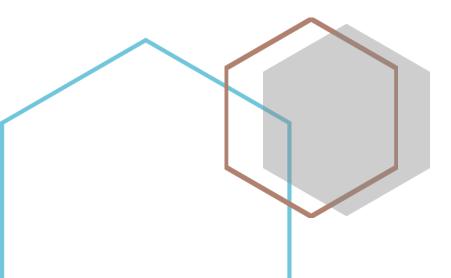
### GLOSSARY

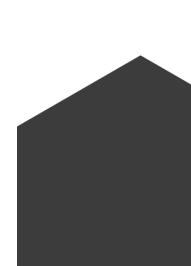
Hard infrastructure	Hard infrastructure, or built infrastructure, is the physical infrastructure including roads, bridges, tunnels, railways, ports, and harbours, etc.
Soft infrastructure	Soft infrastructure is all the services which are required to maintain the economic, health, and cultural and social standards of a population. It includes both physical assets such as highly specialised buildings and equipment, and non- physical assets, such as communication, rulesets, regulations and guidelines, financing, etc.
Start-up	The term start-up refers to a company in the first stage of its operations. Start-ups are founded by one or more entrepreneurs who want to develop a product or service for which they believe there is a demand.
Incubation system	A system that helps new and startup companies to develop by providing services such as prototyping, management training or office space.
Entrepreneurial ecosystem	An entrepreneurial ecosystem is the social and economic environment affecting local or regional entrepreneurship.



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Global Connectedness and Local Innovation (Workshop Proposal)







### INTRODUCTION

This workshop should be concerned not only with government policy but also with the roles that firms, industry associations, universities, and other institutions play in competitiveness. In modern international competition, each of these institutions has an important role that is constantly shifting as a result of the dynamic business environment. The process of creating and sustaining an economic strategy for a nation or region is a daunting challenge. The workshop explores not only theory and policy, but also the organisational structures, institutional structures, and change processes required for sustained improvements in competitiveness.

Lecturing should focus on the topic of competitiveness and explore it from a range of current business perspectives. The workshop explores the determinants of national and regional competitiveness from a "bottom-up", microeconomic perspective, and also considers the "top-down" approach. It probes the ultimate determinants of a nation's or region's productivity, rooted in the strategies and operating practices of locally-based firms, the vitality of clusters, and the quality of the business environment in which competition takes place.

The Workshop requires a strong regional perspective and so will be supplemented through the use of a range of experienced and expert guest speakers to show clearly how the theoretical concepts can underpin and inform the practical application.

This applied three-day workshop focuses on the role of the strategic management process to create competitiveness within a global environment. Combining both the strategic and tactical aspects of managing multinational organisations, it also requires students to explore, research and assess the factors that drive regional and national competitiveness.

The major aim of this workshop is to enable students to develop an understanding of global / international competitiveness. This involves understanding how the competitive position of a firm is devised based on analysing structure and alignment to country-based sources of advantage to harness distinctive competencies. Exploring the determinants of regional and national competitiveness from government policy to industry clusters, this workshop should enable students to examine the drivers of competitiveness within a global business environment.

Successful students who complete the workshop will be able to:

- Demonstrate knowledge and thorough understanding of the fundamental concepts, principles, theories, practices and legislative frameworks underpinning international competitiveness as an academic discipline and as a tool for improved management.
- Demonstrate a critical appreciation of the range of arguments and evidence in the field of international competitiveness by sourcing, using and synthesising complex or incomplete data in international environments, in order to inform strategic decision making

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#### AIMS AND OBJECTIVES

#### LEARNING OUTCOMES





#### CONTENT LEARNING AND TEACHING METHODS

- Critically analyse and challenge the factors attributed to regional, national and international competitiveness context from both the micro- and macro- economic context
- Critically evaluate issues to recommend practical interventions providing a deeper understanding of how international competitiveness can achieve change at a national, regional and firm level.

This three-day workshop is designed to raise awareness of key theories, processes and practices relating to the increasingly dynamic topic of global competitiveness.

The workshop adopts both a theoretical and a practical approach and will comprise an integrated framework of lectures, guest speakers (experts in the topic area) and practical exercises (e.g. case studies) in order to apply the theoretical concepts in a practical manner.

Sessions will focus on developing knowledge and understanding of key theories and concepts surrounding competitiveness, while the guest speakers will bring their experience and expertise to bring key issues and concepts to life, sharing their views and perspectives gained from many years of practical experience and expertise. Practical exercises, including appropriate and relevant case studies, will be used to build on these approaches to reinforce the theory/practice interface. In addition, students will be guided to read from a list of books, journals and articles and to access a range of electronic journals and databases that contain information relevant to competitiveness and related issues.

An indicative reading list is provided below, but it is expected that students will widely read themselves on the topics. This workshop is best approached from both a strategy and international business perspective. Additional readings and references may also be provided in class by the workshop coordinator and guest speakers.

Session 1

- ✓ Introduction to competitiveness key concepts
- ✓ Measuring competitiveness
- ✓ Competing across borders
- ✓ Competitiveness and organisations
- Participants will discuss the topic of competitiveness from a range of contexts and perspectives
- Various measures of competitiveness will be discussed and analysed (WEF, IMD, etc.)
- Participants will examine issues associated with firms competing effectively across borders
- · Participants will examine the processes involved for firms in





developing and implementing a global strategy

• By using the experiences and expertise of a guest speaker, participants will be given the opportunity to apply theory in a practical context.

## Session 2

- ✓ Clusters; competing globally
- ✓ Regional perspective: the economic perspective on competitiveness (including economic strategy, attracting foreign investment, institutions for collaboration
- ✓ Clusters; competing globally Dutch flower cluster case study
- ✓ Porters Diamond Model
- Participants will be presented with relevant economic perspectives on competitiveness, both from a national and regional perspective, with particular emphasis on the latter
- Participants will be encouraged to discuss these perspectives and their appropriateness in a regional context
- Participants will understand clusters and their role in national competitiveness
- Participants will examine why nations achieve international success in a particular industry (Porter's Diamond)
- Participants will discuss and consider each of the four points of the diamond in depth

## Session 3

- ✓ Government, policy and competitiveness (Guest Speaker)
- ✓ Role of Government in developing clusters Orkestra Case Study
- Competitiveness in context (sectoral perspective speakers from Government, University and Industry)

# Session 4

- ✓ Clusters across the world. Case study discussions
- ✓ Cluster management and development (Guest Speakers Regional Sectoral perspectives)
- Participants gain an overview of the challenges of cluster management and development
- Participants will understand how clusters differ across the word
- Participants gain a policy and practice perspective of competitiveness
- Participants will understand how societal and economic needs can





be combined to create shared value.

Session 5

- $\checkmark$  The three main systems of innovation approaches
- ✓ National Systems of Innovation
- ✓ Regional Systems of Innovation
- ✓ Sectoral / Technological Innovation Systems
- Participants gain an overview of Innovation Systems
- Participants gain a policy and practice perspective

A company is said to have a competitive advantage when it has developed a method of providing the same benefits as a competitor, but at a lower cost, or when it can offer additional benefits at the same cost as a competitor. The two types of competitive advantage are: cost advantage – offering services for a lower cost than other companies, or differentiation advantage – maximising the capabilities of the company to create a unique opportunity. Developed by Michael Porter in the mid 1980's, this theory outlines the two ways that a company can move ahead within an industry.

Resources and capabilities that can support competitive advantage include skills, patents and trademarks, an established customer base, brand equity, and highly developed distribution process.

Porter argues that by utilising the resources that a company already possesses and by employing an optimal strategy, it can capitalise on the industry and move ahead of the competition. By then focusing on that advantage, the company can maintain the lead and continue to generate opportunities for growth and development. This is essential for companies that wish to survive in the marketplace or to expand into other markets.

In 1990, Michael Porter published The Competitive Advantage of Nations which focused on how prosperity is created and sustained in the modern global economy. The book defines competitiveness based on the measure of productivity, and focuses on the microeconomic foundations of competitive advantage. The frameworks and key concepts in this work can be used to better understand the competitive position of any location, and to guide policymakers and industry leaders in their efforts to formulate strategies for economic development.

When exploring the concept of entrepreneurship, early work was driven by economists who saw entrepreneurs as multi-skilled drivers of economic change accepting risk and uncertainty, driving the economy through innovation and effective management. To Regional Development specialists, there are two main strategies, the first of which focuses on the development of people. The second focuses on the development of 'place', and it is largely informed by Economists and in particular Economic Geographers. In EU and UN terms, the experience of the Republic of Ireland is seen as exemplifying these approaches. Between 1977 and 2008



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### STRATEGY AND COMPETITIVE ADVANTAGE



Ireland's GDP grew from 75% to 125% of the EU average. Despite the crisis in 2008 Ireland remains to this day in the top 10 countries with the highest per capita income in the world. Through a national development plan, the Irish focused on investments in economic infrastructure that stimulated national economic growth.

The competitiveness agenda requires Government to identify those sectors that it believes should be supported to grow. In that sense, it harks back to industrial policies that seek to 'pick winners.' This might include high salary jobs; sectors where there is anticipated growth and where investment builds capacity in the wider economic ecosystem through for example Research & Development capability. Whilst these sectors may have benefits to the wider economy, it is less clear that they are the sectors that will drive economic growth or encourage the emergence of new high growth firms.

In a world economy driven by global forces such as the rise of digital technology and the need for environmental sustainability, this focus would appear to make sense in terms of supporting businesses capable of competing in a global environment. However, it also ignores what might be important to the entrepreneurs and what are the crucial aspects of firm growth, notably firm profitability and sustainability (Carsrud A, Brännback, M, 2010). If policy priorities determined by Government and their servants are at odds with the realities of the actual motivation of entrepreneurs, they cannot be effective. For a bread approach to the development of an entrepreneurship policy framework, consult the UN's Entrepreneurship Policy Framework and Implementation Guidance (UN, 2012).

Entrepreneurial ecosystems have recently emerged as a popular concept within entrepreneurship policy and practitioner communities. They are seen as a regional economic development strategy that is based on creating supportive environments that foster innovative start-ups. An ecosystems can be defined as "an economic community supported by a foundation of interacting organizations and individuals - the organisms of the business world." (Moore, 1996). In seeking to create the conditions for growth "entrepreneurs are most successful when they have access to the human, financial and professional resources they need, and operate in an environment in which government policies encourage and safeguard entrepreneurs" (Isenberg, 2010). They represent the types of cultural, social, economic, and political environments within a region that support highgrowth entrepreneurship. Isenberg, initially in 2009, then in 2010 and 2011 with further modification in 2014 developed six domains of the entrepreneurship ecosystem to include policy, finance, culture, supports, human capital and markets.

Examination of entrepreneurship ecosystems typically explores, within and between domains, features such as the extent to which there is fragmentation, interconnectedness, cooperation and competition. In examining the conditions for successful development of entrepreneurship ecosystems, a number of common themes typically emerge including the need to make the issue a priority; develop holistic policy that encompasses all areas of the ecosystem; build on existing industries; encourage growth



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across all industry sectors including low, mid and high-tech firms and provide leadership; adopt a 'top-down' and 'bottom-up' approach devolving responsibility. (Mazzarol, 2014). The types of resources available in an ecosystem and the ability of these resources to flow through social networks helps separate strong, well-functioning ecosystems from weak, poorly functioning ones (Spigel and Harrison, 2017).

An additional useful concept to work with is Regional Innovation Networks. The concept suggests that regional innovative capability is a crucial factor in building regional competitive advantage and that defining and promoting the multi-actor innovation networks that form the regional innovation system is essential.

The concept of the National System of Innovation adopts a holistic view of innovation rather than focussing on isolated aspects of the process. The concept emphasises the interaction of actors involved in innovation and analyses how these interactions are shaped by social, institutional and political factors.

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SE STUDIES D REAL WORLD AMPLES	Dutch Flower Case Study <u>http://fernfortuniversity.com/hbr/case-</u> solutions/17646-the-dutch-flower-cluster.php
	Orkestra Case Study (and others) <u>https://www.awwwards.com/blog/case-study/</u>
	Global / Regional perspectives: <u>https://www.isc.hbs.edu/competitiveness-</u> <u>economic-development/research-and-applications/national-</u> <u>competitiveness/Pages/default.aspx</u>
	Shannon Development (Ireland) http://www.oecd.org/mena/competitiveness/47565444.pdf
	Tourism in Romania <u>http://www.quaestus.ro/wp-</u> <u>content/uploads/2012/03/curta.pdf</u>
	Free Zones (UAE) http://www.oecd.org/mena/competitiveness/41613492.pdf
	China's competitiveness (Huawei) https://www.csis.org/analysis/china%E2%80%99s-competitiveness- huawei
DPOSED SIGNMENTS AND	This workshop is $100\%$ coursework. It comprises of a written reflective piece (10%), an individual report (60%) and a group presentation (30%).
ERCISES	Coursework 1: Report (3000 words (+/- 10%)
	This report comprises of an individual assignment based on learning from the workshop.

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### CAS AND EXA

PRO ASS EXE

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# Assignment Brief:

Conduct a competitiveness analysis of a country of your choice and critically evaluate the use and importance of clusters as an aid to enhancing national competitiveness (with particular focus on your chosen country). Use both academic references and real-life examples to support your answer.

Your assignment should include:

- An outline for the chosen country/region:
  - ✓ Short profile of the country/region
  - ✓ Economic performance e.g., economic growth, GDP per capita etc.
  - ✓ Composition of the economy, mix of economic activity by cluster and how it is changing
  - ✓ Assessment of national/regional competitiveness
  - ✓ Macroeconomic, political, legal and social context
  - ✓ National business environment, including the impact of government policies
  - ✓ Identification of key competitiveness issues facing the country/region
  - ✓ Policy recommendations to increase the competitiveness of the country
- Discuss and critically evaluate various perspectives on clusters and their role in national competitiveness. This should include a discussion on the opportunities and challenges of cluster development.
- Present examples of clusters in that country/region and evaluate if/how they have contributed to increased competitiveness
- Consider the role of Porter's Diamond (and other relevant models) in providing background and links between this and Cluster theory
- Discuss the role you believe governments should play (if any) in fostering and developing clusters
- Present a conclusion with suggestions on how to enhance cluster development in your chosen region.

## Exercises

## Critical Thinking, Synthesis and Discussion

Students are supplied with reading, either during the session or as prereading. They are required to critique, synthesise and present. This can be done individually or in small groups. Following presentations, groups are rearranged to enable discussion from a range of perspectives. Indicative reading might include:

Andriani, P., Jones, C., Perkmann, M., De Propris, L., Seina, V., Delbridge,





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Entrepreneurship Policy Framework and Implementation Guidance UN, 2012

Iansiti M, Levien R. (2004) The Keystone Advantage: What the New Dynamics of Business Ecosystems Mean for Strategy, Innovation and Sustainability. Harvard Business School Press, 255p

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