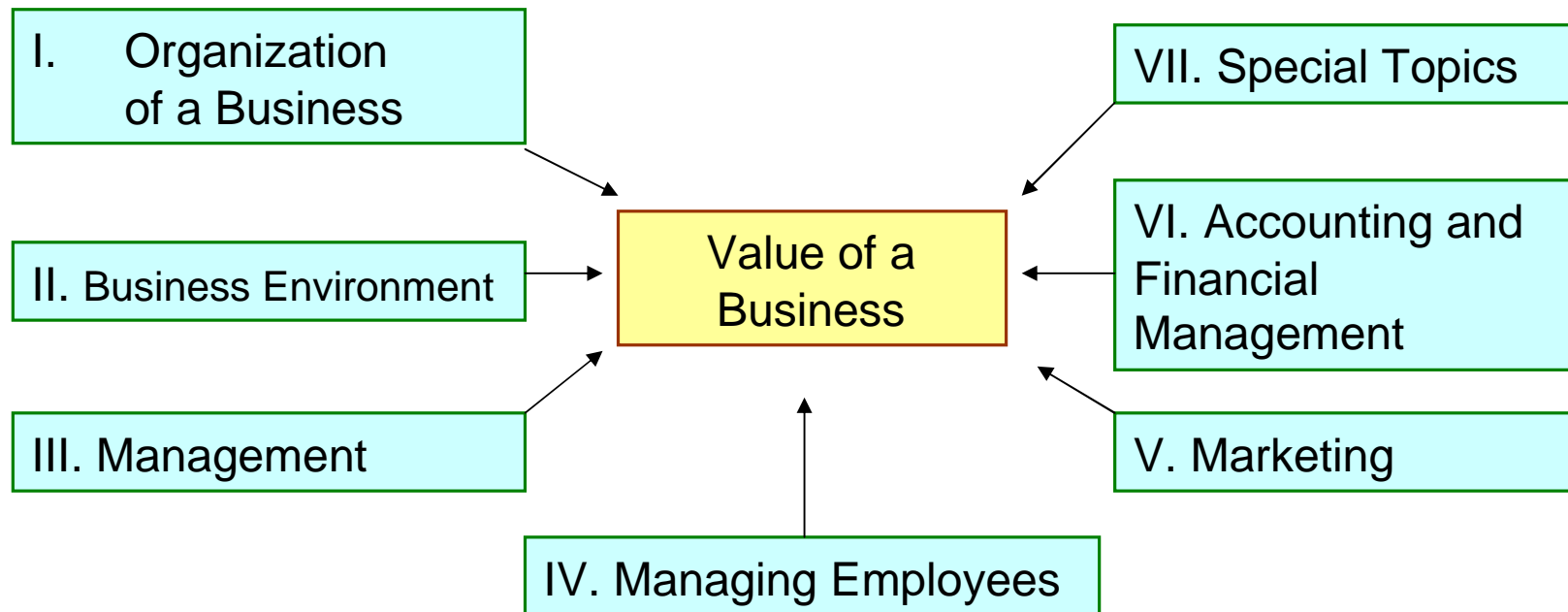


ENTM 250 Y

Launching a New Venture

Organization of a Business



Learning Goals

- Think creatively about new business opportunities
- Learn about key business skills associated with launching a new venture
- Hopefully, gain the skills to prepare a professional business plan

Business Defined

- A business is an enterprise that provides products or services desired by customers.

Small Business in America

- Over 27.5 million Small Businesses in the U.S.
- One in every 25 adults actively investigates going into business
- Estimated that a new business is started every 11 seconds
- Employee more than 58% of the private workforce
- 50% of all new businesses fail within 5 years
- 80% of all new businesses fail within 10 years

Creating a Business Idea

- Recognize your unique skills and experience
- Identify a competitive advantage
- Determine necessary resources
- Assess feasibility of the idea.

Recognize Skills and Experiences

- Education
- Experience
- Hobbies

Identify a Competitive Advantage

- Better
- Faster
- More Convenient
- Cheaper
- Different

Determine the Necessary Resources

- Employees
- Facility
- Machinery

Assess the Feasibility

- Market Research
 - Customer's Needs and Wants
- Assess Business Environment
- Feasibility – Estimate costs and benefits of the business, including sales forecasts and all expenses.

Lessons to Remember

- Successful businesses do not require a great invention.
 - Many focus on making life more convenient for customers.
- Some business ideas will fail – but entrepreneurs can learn from failures and make revisions.

Impact of Technology

- Technology Defined
 - Knowledge or tools used to produce products and services
- Information Technology
 - Represents over 1/3 of the growth in U.S. output
 - Reduces costs of producing products
 - Workers in technology industries earn more than workers in other industries.

Impact of Technology (cont'd)

- E-business or E-Commerce
 - Use of electronic communications to produce or sell products and services
 - Sales to individual customers
 - B2B e-business: transactions between a business and its suppliers
 - Generates \$ 301 billion in revenue and creates 1.2 million jobs each year

Successful E-Businesses

- Started out small
- Created to sell a product or service that was not offered by competitors
- Transformed how traditional firms conducted business
 - Improved communication with customers
 - Improved information flow
 - Improved efficiency
 - Complemented traditional business operations

Key Functions of a Business

- Management
 - Means by which employees and other resources are used by the firm
- Marketing
 - Means by which products and services are developed, priced, distributed, and promoted to customers
- Finance
 - Means by which firms obtain and use funds for their business operations

Common Business Decisions

- Management Decisions
 - What equipment is needed?
 - How many employees should be hired?
 - How can employees be motivated to perform well?

Common Business Decisions (cont'd)

- Marketing Decisions:
 - What price should be charged?
 - Should the product be changed to be more appealing to customers?
 - Should the firm use advertising or some other strategy to promote its product?

Common Business Decisions (cont'd)

- Finance Decisions:
 - Should financial support come from the sale of stock or from borrowing money or some combination?
 - Should the firm attempt to obtain borrowed funds for a short term or long term period?
 - Should the firm invest funds in a new business project?

Other Key Functions of Business

- Accounting
 - Summary and Analysis of the firm's financial condition
 - Used to make various business decisions
- Information Systems
 - Information technology, people, and procedures that provide appropriate information to make effective decisions

A Business Plan

- Detailed description of the proposed business
 - Description of the product or service
 - Types of customers the business would attract
 - Competition
 - Facilities needed for production

Why Do I Need a Written Business Plan?

- To persuade potential lenders and investors
- To encourage you to be specific
- To evaluate the feasibility of your idea
- To help you define your vision of your business