

A1

Choosing ideas for a micro-enterprise (starting –up your own enterprise)

An entrepreneur is someone who runs an enterprise with the willingness to take risks! He or she has to come up with ideas of what their enterprise will be.



How can they generate ideas?

- Mind mapping / thought showering new ideas [innovation]
- Look at a problem which needs solving – how can a new enterprise solve this?
- Importing an idea from abroad that works in another country [goods or services in a new market]
- Adapting a current product or service [goods or services in a new context].
- Looking at what skills and attributes you have and how you, as an entrepreneur, can use them to build a new enterprise.



- Little start-up costs as dog owners will provide leads and waste bags therefore reducing outflows.
- My local area has lots of dog walking routes and open fields which are perfect for the job, making services easy to carry out.
- I have lots of experience with walking dogs meaning people may have more confidence in my business in comparison to competitors, resulting in more people using my business rather than others increasing revenue.
- Easy to find clients in my local area as many people are dog owners meaning there are lots of potential customers which could result in high revenue and profit.

Will I provide a product or service?

IDEAS

- School bake sales
- Coaching (football/ruby etc)
- School newsletters
- Crystal jewellery business
- Teacher car washing
- Babysitting- local residents
- Dessert making business
- Afterschool discos
- Gardening- local residents
- Tuck shop
- Face painting
- Kids party bags
- Spring cleaning houses
- Dog walking
- Tutoring (e.g. maths)
- Car wash
- Upselling clothing / recycling clothes



PAWfection Dog Walking

Pros v Cons

Generating & Selecting Ideas

Which business idea should I start-up?
Why am I turning down one idea?

Selecting the **BEST** idea isn't an easy task. The best one which is **achievable** and is only achievable if you have the resources.

Resources can include:

- ✓ Human resources
- ✓ Financial resources / financial forecasts
- ✓ Physical resources
- ✓ Communication methods and promotional methods
- ✓ Skills of people / ability to recruit the skill set

There also needs to be a **gap in the market** (a need for the product or service) otherwise it is unlikely the enterprise will be a great success.

- May need insurance in case of emergencies for example the dog I am walking being attacked or the dog running away (additional costs causing a loss in revenue and profit and if any accidents do take place; my business will gain a bad reputation).
- May be dangerous walking in the dark.
- May have lots of competitors in my local area meaning I may not reach my sales target as potential customers may decide to go elsewhere.
- People may decide to walk their dogs themselves meaning fewer potential customers, potentially decreasing sales.

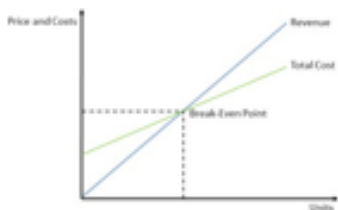
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Plan for a micro-enterprise: AIMS

Financial Aims

Plans that involve money based targets are financial aims because they involve the enterprises finances.

Examples are 'to make a profit' and to 'achieve break even'.



All entrepreneurs need to know what goods and services they're going to sell and be sure they're going to meet their customers wants and needs (market research is a must here!)

Non-financial Aims

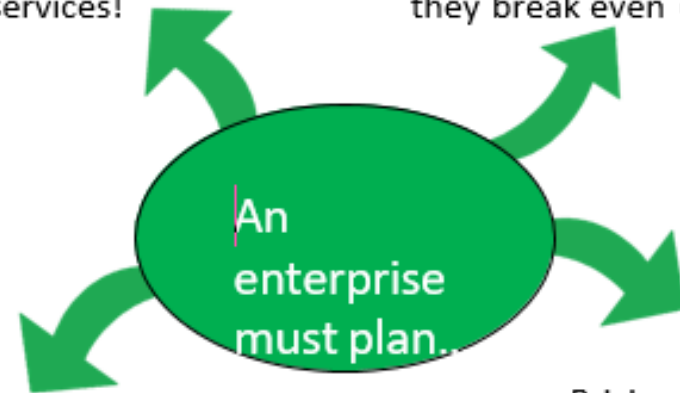
These are not linked money based targets, but are linked to other aspects of the enterprise such as strengthening brand image, building relationships with customers and suppliers or operating ethically.



All aims should be SMART:
Specific, Measurable, Achievable, Realistic and Time-bound.

The features, benefits and USPs of all its products and services!

The costings (fixed & variable) and pricing carefully to make sure they break even (at least!)



Around their competitions.

- What are their competitors?
- What do they offer?
- What are their prices?

Pricing models to encourage potential customers!

- ✓ Skimming
- ✓ Penetration
- ✓ Cost Plus

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Plan for a micro-enterprise: SEGMENTATION

<p>Geographic</p> <p>Target customers based on a predefined geographic boundary. Differences in interests, values, and preferences vary dramatically throughout cities, states, regions, and countries.</p>	<p>Demographic</p> <p>The process of dividing a market through variables such as age, gender, education level, family size, occupation, income, and more. This is one of the most widely used strategies amongst marketers.</p>
<p>Psychographic</p> <p>Focus on the intrinsic traits the target customer has. Psychographic traits can range from values, personalities, interests, attitudes, conscious and subconscious motivators, lifestyles, and opinions.</p>	<p>Behavioral</p> <p>Break down the way customers go through their decision making and buying processes. Attitudes towards the brand, the way they use it, and their knowledge base are all behavioral examples.</p>

You have got to **appeal** to your target market.



This will help you to know where to sell the product, what price your customers are willing to pay and how best to attract the interest of the target market (promotions)

To do this successfully you'll need to complete some market research.

Now you have appealed to the target market, you must know how to reach them (i.e. sell the goods and services to them!).

Once you get to know your customers wants, needs and habits you'll be able to attract new customers and work on gaining repeat customers!

Market segmentation is dividing your customers into groups based on them having similar characteristics!

- Geographic example: Young adults who have an interest in football
- Demographic example: People who live and work in the countryside
- Psychographic example: Adults who are interested in a healthy life
- Behavioural example: Those who only purchase certain brands.



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Plan for a micro-enterprise: SEGMENTATION



Why should enterprises keep in touch with customers?

- To keep them informed
- In an attempt to increase sales

How can enterprises keep in touch with customers?

Direct marketing

- Text messages
- Emails
- Letters to customers homes

Viral marketing

- Billboards
- Web banners
- Radio and TV
- Point of Sale
- Via third parties

When creating promotional material it is key that you consider:

- How appropriate the content of the promotion is
 - Is it accurate?
 - Is it complete?
 - Is it clear?
- How appropriate the appearance of the promotion is
 - Is the colour appropriate?
 - Do the visual add to or hinder the message?
 - Are the images supportive?
 - Is the text easy to read?



Physical resources
Location, materials, equipment, IT, stock, fixtures & fittings!

Human resources
The people the enterprise need = their staff.

Financial resources
Sources of finance
start up costs
running costs
fixed costs
production costs!

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Price Strategies

Price

Definition: The amount of money a business wants to receive in order to sell a good or service or the amount of money the consumer is willing to pay to buy that product.

Pricing Strategies	Definition	Advantage	Disadvantage
Penetration Pricing	Setting a low price for a new product to encourage sales.	The goods have a low price to attract customers who may then stay with the business.	When prices rise people may not be willing to purchase – questions over quality.
Price Skimming	Selling a product at a high price in order to earn high initial profits.	Attracts early adopters e.g. new football boots, the latest iPhone.	Some customers unable to / unwilling to pay the high prices.
Cost Plus Pricing	Involves the producer adding a sum of money (the profit per good) to the cost of producing goods to determine the selling price of the good or service.	Adding profit to cost ensures that a profit is made on each good.	May not work in competitive market / depends on margins.
Psychological Pricing	The prices appear to be lower than whole pounds e.g. 99p hoping the customer believes the product is cheaper than it is.	Can nudge customers to make a purchase.	Some may not be convinced to buy so revenue may not rise / customers may not be attracted to the business.
Psychological pricing is not in the BTEC Specification but it is a well used pricing strategy			
Competitive Pricing / Market Orientated	Involves the producer offering goods for sale at a price at or below that set by competitors.	Ensures that the firm is price competitive.	Customers may be used to buying from competitors so revenue might not change / customers may not switch from rivals.

Good for attracting new customers and retaining existing customers

Good for existing customers who are brand loyal

Good for manufacturers as they must consider costs.

Good for new and retaining existing customers

Good for existing customers

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Plan for a micro-enterprise: PROMOTION

What is promotion?
 Promotion is any method of communication that tries to encourage current and potential customers to buy products. Examples include adverts on television and money-off coupons in magazines



The purpose of promotion
 Promotion can be used to:

- Create a positive image of the enterprise in the minds of current and potential customers
- Encourage current and potential customers to buy products

The use of advertising to persuade and inform. The two basic aspects of advertising are:

The message	What the communication needs to say about the product. <ul style="list-style-type: none"> ▪ Low price ▪ Quality ▪ Useful
The medium	How to get the message across by choosing the correct method of advertising to reach current and potential customers.



Promotional mix
 There are many different methods of promotion used to get current and potential customers to buy products.
 Enterprises will choose a combination of methods depending on their product and their suitability for the **size of the enterprise**. This is known as the promotional mix.



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Plan for a micro-enterprise: PROMOTION

Purpose of sales promotion

Enterprises use sales promotion for different reasons.

- To entice people into a shop where they may buy the product but other products also
 - To boost sales figures
 - To attract first time buyers
 - To sell off older or less-fashionable goods to make space for new items
 - To maintain customer loyalty

Method and features	Benefits/Limitations
Coupons Money-off voucher	➤ may encourage purchases ➤ impacts profit if doesn't cover cost
Free sample Often given with coupon	➤ potential repeat sales ➤ could impact profit
Competitions Prize draws	➤ builds up marketing – thrill means more entrants ➤ impacts on profits
Money off discount Percentage reduction	➤ encourages purchases ➤ profit affected if sales are low
Loyalty incentive Points towards other product or free items	➤ long term customer relationships established ➤ impacts on profit if too few sales generated
Buy-One-Get-One-Free Free product on purchase of a full price product	➤ encourages additional purchases ➤ profit impacted if sales are low

Personal selling

This is where a representative of an enterprise contacts potential customers directly. There are 4 main methods of personal selling:

1. Face to face

The sales person is in direct personal contact with the customer

2. Telephone

The sales person makes phone calls to the customer [usually from a call centre]

3. Email

The sales person communicates electronically with the customer.

4. Video or Web conferencing

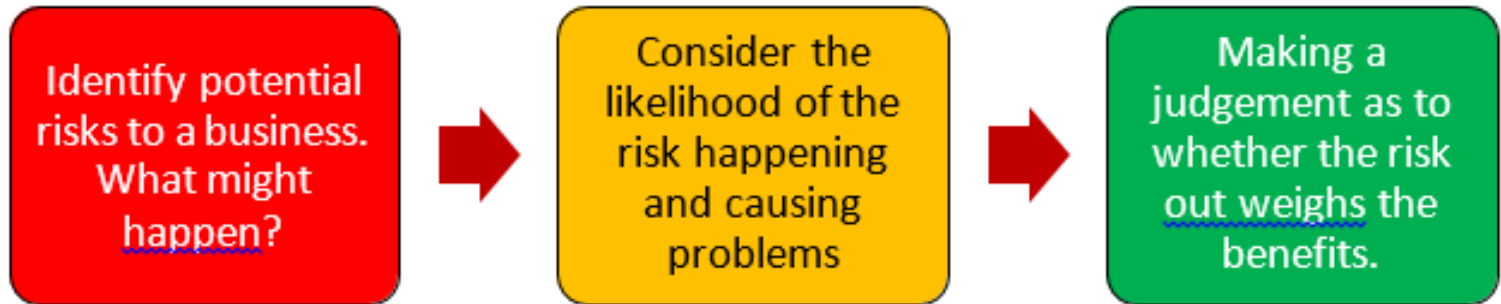
The sales person communicates with the customer through a webcam.



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Plan for a micro-enterprise: RISKS

When setting up a business you need to consider risks and assess whether the risks are likely to happen!



Potential risks

(Lucky ... or unlucky if you don't realise they're risky!)



- **L**ack of entrepreneurial skill through lack of experience
- **U**nexpected costs of production
- **C**ompetitor actions which pose threat to your business
- **K**eeping quality of a high standard to gain good reputation (quality control)
- **Y**our customer interest aren't interested [market research would avoid this]



When main risks have been identified contingency plans should be put in place to deal with the risks. This doesn't reduced the risk, but means the enterprise is ready and prepared to deal with the risks just like when school have a fire drill – it doesn't remove the risk of fires happening, but means we all know what to do when a fire does happen!

B1

Production of Presentation

- **Pitch: A presentation made by an entrepreneur about the nature and details of an idea or start up to persuade a person or business to invest in the enterprise, or loan capital to start up the enterprise.**
- The purpose of a pitch is to provide your audience (potential investors/lenders) with information about the enterprise which you are running.
- You need to convince them and prove to them why you business is or is becoming a huge success!
- Pitches usually last 2-10 minutes, include lots of facts, and end with the opportunity for the investors/lenders being able to ask questions.



Are there different ways in deliver a pitch to investors/lenders?

- ✓ Face-to-face
- ✓ Email
- ✓ Formal letter
- ✓ Passing conversation

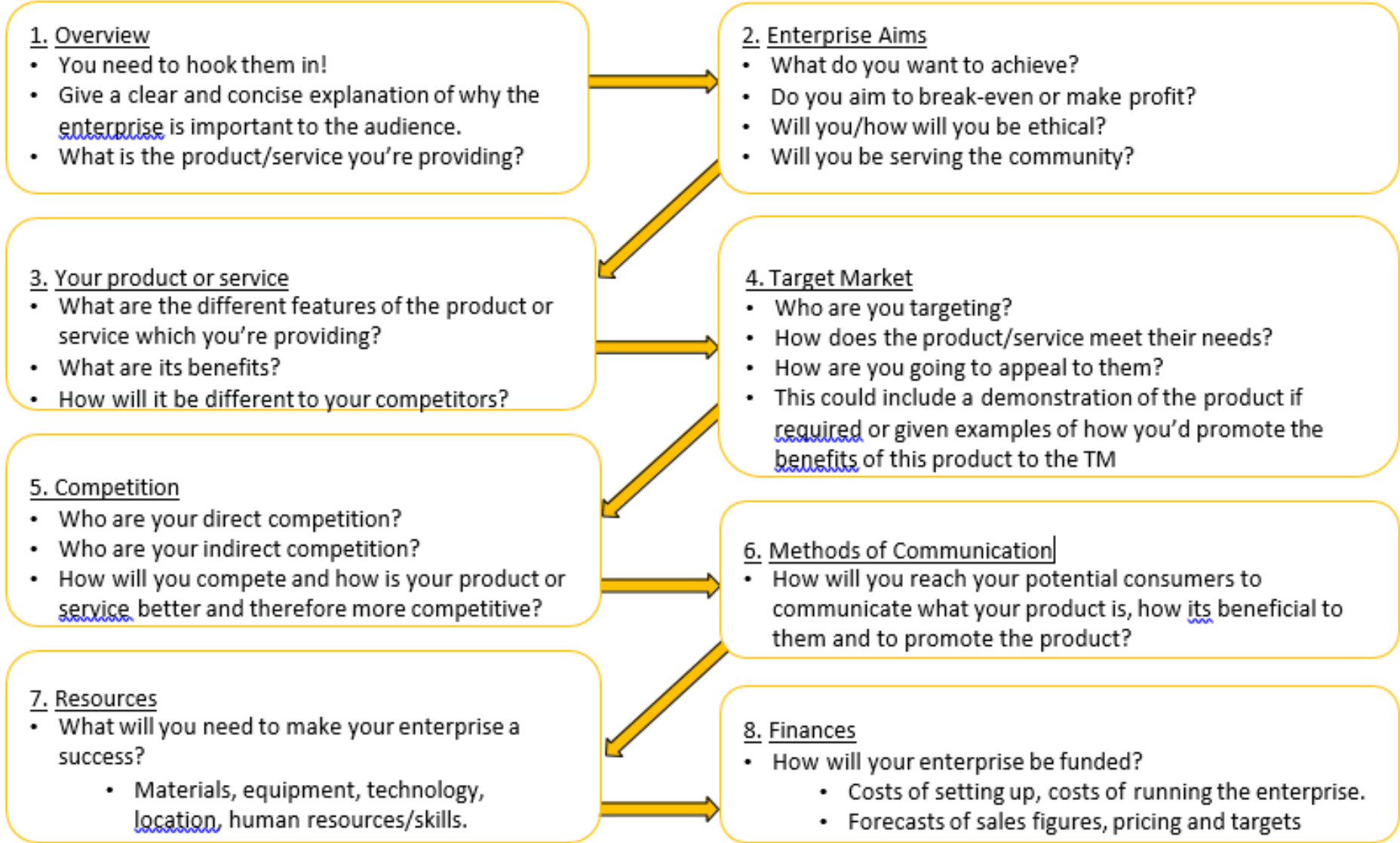
How can I deliver a persuasive pitch?

- ✓ Tell a **story** to explain your idea or your journey to this point of the pitch from the start.
- ✓ Be focused on **problem solving** – how does the product or service you're producing solve a problem for your consumers? Make the investors/lenders know how vital your product is.
- ✓ Using **rhetorical questions** will help the investors/lenders think about their own view, opinions and beliefs around what you're discussing with them.
- ✓ Repeat, at various points, the **important phrases** you want your audience to remember.
- ✓ **Rule of 3:** Things are easier to remember in 3s so give all reasons, benefits, advantages etc. in 3s.

B1i

Production of Presentation

What slides to include in your presentation



B2

Delivery of presentation

1.



Dress Code!
It is most traditional and it is deemed the most smart to wear a suit when you're in business. This said, there are times where businesses have difficult cultures and will wear something different.

How do I deliver a professional pitch on the day?

3. Be Positive. Positivity is infectious!
You should be enthusiastic, excited and smiley – this will radiate to your audience too! Very helpful when you're being persuasive

During the questions stage, welcome them openly, being positive once again.



4.

Rehearse your pitch!
It's natural to be nervous. You don't need to know your pitch word for word, but you do need to know the points you want to get across to your audience. Some people will practice in front of the mirror and some with family and friends – what ever works for you, but you must rehearse your pitch!



2. Greetings!

Once you're smartly dressed and you enter your pitch it's vital to remember you're here to persuade the audience to invest or to lend.

- Greet the audience with a positive greeting (e.g. Good Morning, please to meet you.)
- Introduce yourself and shake the hands of the entrepreneurs.
- Be polite and courteous throughout the pitch – remember you're being persuasive.

C1

Review of presentation

Giving Feedback

- The purpose of feedback is to help improvement.
- Giving feedback is a professional skill which should be practised and done well to support the person who you're feedback back to.
- There are two models which you should use when feedback back to your peers: BOOST and SKS

B Give **balanced** feedback of positives and improvements; sandwich improvements with positives.

O Feedback on what you **observed** not what you think about the topic.

O Focus on the **objectives** of the pitch. Don't be personal with the receiver, feedback on their actions/ outcomes.

S Give **specific** examples, to help you, when you're feeding back based on what you observed

T **Time** – give feedback as soon as possible whilst its fresh in both yours and the receivers minds.

SKS model of feedback.

What should the person:
STOP doing, KEEP doing and START doing?

Receiving Feedback

- Receiving feedback is very helpful and can help an entrepreneur (receiving the feedback) make important decisions.
- **In business, your feedback may come from (but not only from)**
 - Employees
 - Customers / Clients
 - Suppliers
 - Stakeholders (such as the community)
- **Effective feedback should help to:**
 - Motivate yourself to improve
 - Understand how others have perceived your pitch
 - Go through a process of learning to progress
 - Improve your performance

