



Youngpreneurs

KA220-YOU - Cooperation partnerships in youth

Entrepreneurial Fundamentals - Module 1



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Aim of the Module *“Entrepreneurial Fundamentals”*

This module's aim is to give learners the fundamental information needed to launch a business. Important topics covered in this module include company planning, comprehending legal issues, competitive market dynamics, and financial hazards.

Through the creation of a thorough business plan that acts as a road map for their endeavors, participants will learn how to include a clear purpose statement, competitive tactics, financial predictions, and a thorough market study.

Creating a thorough business plan and navigating the legal and administrative obstacles involved in launching and operating a business are the ultimate goals for participants.



Learning Outcomes



Develop a draft
business plan to
launch and
manage a
business
effectively



Gain proficiency
in analysing
markets to
better
understand
market
dynamics



Acquire a
comprehensive
understanding
of legal
frameworks to
navigate
regulatory
requirements
effectively

Key Learning Elements



Business Plan

A business plan is a document that details a company's goals and how it intends to achieve them.

Mission Statement

- What is the core purpose of your business?
(Inspire with a clear, impactful statement.)

Business Concept

- A brief overview of what your business does.
Who are you? What do you offer?

Key Products/Services

- Highlight what you sell or the service you provide in one sentence.

Target Market

- Who are your customers? *Briefly define your intended audience.*

Growth Vision

- Where do you see your business in the next 3-5 years?





Business Background

- When and why was the business started?

Legal Structure

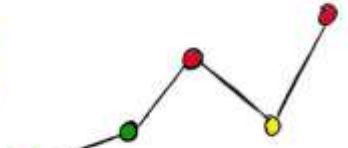
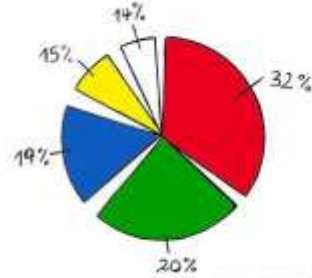
- Is your business a sole proprietorship, partnership, corporation, or LLC?

Location

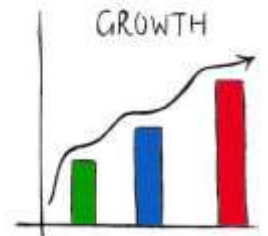
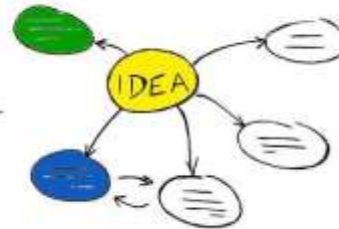
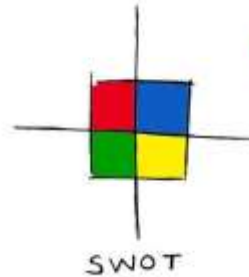
- Where are you based and why?

Unique Qualities

- What makes your business stand out from competitors? (*Think about your story or unique approach.*)



BUSINESS PLAN



Target Market

- Define the specific segment of the market you are targeting.

Industry Overview

- What is currently happening in your industry? *Discuss trends, growth patterns, and market needs.*

Competitor Analysis

- Who are your main competitors? *How do you intend to position your business within the market? What will be your key message or value proposition?*

Market Share Potential

- Estimate the market share you aim to capture and how you plan to achieve it.

Detailed Descriptions

- **Key Features:** Elaborate on the main attributes of your products or services. Provide specific details.

Unique Selling Points (USPs)

- **Distinctive Edge:** Explain what sets your offerings apart from competitors. How do they address needs or solve problems in innovative ways?

Benefits

- **Customer Impact:** Highlight the advantages of your products or services. Explain how they enhance the user's experience.

Future Products/Services

- **Upcoming Innovations:** Give a sneak peek into future developments. Mention any planned expansions, new product lines, or services you intend to introduce.

Intellectual Property (IP)

- **Protection and Rights:** Detail any intellectual property rights, such as patents, trademarks, or copyrights, that safeguard your innovations and ensure your competitive advantage.



Production

- How and where are your products or services created? *Discuss your production process, physical facilities, labor, suppliers, and equipment.*

Logistics

- Describe your distribution channels. *How will you deliver your product or service to your customers?*

Marketing

- Provide your marketing strategy. *Which channels will you be using? What are your outreach targets? Connect this with the target group.*



Organizational Structure

- Provide a chart of your business's structure. *Highlight key roles and the flow of information.*

Management Team

- Introduce your main team members and their roles. *Highlight their skills and previous experiences that contribute to the success of the business.*

Roles and Responsibilities

- Clearly define who is responsible for what within your business.

Advisory Board

- If applicable, list any advisors along with their credentials and the value they add to your business.

Revenue Model

- How does the business make money? *Outline your main sources of revenue.*

Financial Projections

- Include forecasted income statements, balance sheets, and cash flow statements for the next three to five years.

Break-even Analysis

- At what point does the business expect to become profitable?

Financial Needs

- Specify any current and future financial requirements to achieve your business goals.





Funding Requirements

- How much capital do you need to start or expand your business? Be specific about the amount required over the next five years.

Use of Funds

- Explain how you will use the funding. Break down the allocations, such as for capital expenditures, working capital, debt retirement, etc.

Future Funding

- Outline plans for potential future funding rounds and what those funds will be used for.

Exit Strategy

- If applicable, describe your exit strategy for investors. Include timelines, valuation, and the method of sale or succession.





Tips for the Business Plan

- **Ensure your business plan** is well-organised and written in clear, concise language. Avoid jargon and overly complex sentences. Each section should be easy to understand, even for those who are not familiar with your industry.
- **The executive summary** is the first section that potential investors will read. Make it compelling and ensure it captures the essence of your business plan. Highlight key points, such as your business model, market opportunity, and competitive advantage.
- **Regularly update your business plan** to reflect changes in the market and your business goals.

Business Plan - Video

Watch the video to get a step by step guide on how to write a business plan!



Analyse the Industry

Overview

- **Industry Snapshot:** Brief snapshot of the industry, including its size, worth, and general health.

Growth Trends

- **Recent Trends:** Discuss recent growth trends or declines and what is driving them.

Regulatory Environment

- **Key Regulations:** Highlight key regulations that affect how businesses operate within this industry.



Key Players and Competitors

- **Major Players:** Identify the dominant companies in the industry and what makes them successful.
- **Competitor Analysis:** Comparative analysis of your main competitors' strengths and weaknesses relative to your business.
- **Market Share:** Discuss the distribution of market share among industry leaders and what it means for new entrants.

Industry Trends, Challenges, and Opportunities

- **Trends:** Describe significant ongoing trends, such as digital transformation, sustainability efforts, or shifts in consumer preferences.
- **Challenges:** Outline common challenges faced by businesses in this industry, such as supply chain issues, technological changes, or increased competition.
- **Opportunities:** Identify areas where your business can capitalize, such as gaps in the market, underserved customer segments, or emerging technologies.



Understand Market Trends

Purchasing Behavior

- **Decision Factors:** Understand how target customers make purchasing decisions and what factors are most influential (price, quality, brand loyalty).

Preferences

- **Current Trends:** Highlight current preferences and any recent shifts, such as an increase in demand for eco-friendly products or personalized experiences.

Influencing Factors

- **Economic Factors:** Analyse how economic conditions (e.g., inflation, employment rates) influence consumer spending within your industry.
- **Social Factors:** Consider social trends, such as demographic shifts, changes in cultural attitudes, or lifestyle changes, that impact your market.
- **Technological Factors:** Examine how advancements in technology are changing product development, marketing strategies, and consumer interactions.

Emerging Trends and Impacts

- **New Trends:** Identify the latest trends emerging in the market, such as the use of AI for personalised shopping experiences or a surge in mobile payments.
- **Potential Impacts:** Discuss the potential impacts these trends could have on the industry and your business, both opportunities and threats.

Target Customer Segment



Definition

- **Ideal Customer:** Describe what an ideal customer looks like for your business, including demographic characteristics (age, gender, income level), geographic location, and psychographic traits (values, interests, lifestyles).

Motivations and Needs

- **Customer Drivers:** Explain what drives your ideal customers to make purchases and what specific needs your product or service fulfills for them.



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Market Segmentation

- **Demographics:** Break down the market by age, gender, income, education, and other quantifiable characteristics.
- **Psychographics:** Segment the market based on attitudes, aspirations, or other psychological criteria that influence buying behavior.
- **Behavioral:** Consider factors such as customer loyalty, usage rates, and readiness to buy.

Needs, Preferences, and Buying Patterns

- **Understanding Needs:** Delve into what each segment truly needs, which may not always align with what they initially express.
- **Preferences:** Discuss how preferences differ among segments, such as product features, price sensitivity, and brand affinity.
- **Buying Patterns:** Analyse how often and when your target segments make purchases, including the channels they prefer (online vs. in-store).

Types of Market Segmentation



Geographics

- Country
- City
- Density
- Language
- Climate
- Area
- Population



Demographics

- Age
- Gender
- Income
- Education
- Social Status
- Family
- Life Stage
- Occupation



Psychographics

- Lifestyle
- AIO: Activity, Interest, Opinion
- Concerns
- Personality
- Values
- Attitudes



Behavioural

- Benefits Sought
- Purchase Usage
- Intent
- Occasion
- Buyer Stage
- User Status

Target Customer Segment



Business Structure

Types of Business Entities

- **Sole Proprietorship:**
 - The simplest form, easy to set up but offers no personal liability protection.
- **Partnership:**
 - Co-owned by two or more people, sharing profits, liabilities, and managerial duties.
 - **General Partnerships:** Equal liability and management.
 - **Limited Partnerships:** Differing levels of liability exposure.
- **Limited Liability Company (LLC):**
 - Provides limited liability for owners, is a separate legal entity, has a flexible management structure, and can be formed by one or more individuals or entities.





Choosing the Best Fit

- **Assess Liability Exposure:**
 - Evaluate the level of liability exposure, tax implications, and funding needs.
- **Consider Future Growth:**
 - Factor in potential for future growth and international expansion.
- **Legal and Administrative Costs:**
 - Consider the legal and administrative costs associated with each structure.



Fundamentals of Contract Law

Key Regulations to Consider in the EU

- **General Data Protection Regulation (GDPR):**
 - Protects personal data privacy for individuals within the EU and the European Economic Area (EEA), applicable to any business handling EU residents' personal data, regardless of location.
- **Consumer Protection Laws:**
 - Ensures fair trading and protects consumers, affecting areas like product liability, fair advertising, and refund policies.
- **Environmental Regulations:**
 - Includes laws on waste management, emissions, and sustainable operations, crucial for businesses involved in manufacturing or waste disposal.
- **Employment and Labor Laws:**
 - Governs employee rights and workplace standards, including minimum wage, working hours, non-discrimination, and health and safety requirements.



Compliance Strategies

- Conduct regular compliance audits and risk assessments.
 - Establish a compliance management system.
 - Train employees in compliance protocols.

Consequences of Non-Compliance

- Legal fines
- Reputational damage
- Operational disruptions
- Potential criminal charges



Protecting Intellectual Property

Intellectual Property (IP) Types

- **Patents:**
 - Protect inventions and new technologies for up to 20 years, preventing others from commercially using the patented technology without permission.
- **Trademarks:**
 - Protect brand identity elements like logos, slogans, and product designs, essential for brand differentiation and marketing.
- **Copyrights:**
 - Protect creative works such as books, music, software, and art indefinitely, provided they are original and fixed in a tangible medium.
- **Trade Secrets:**
 - Protect confidential business information, such as formulas, practices, or processes, which derive economic value from not being publicly known.



Strategies for IP Protection

- **Registration:**
 - Register IP with national offices or the European Union Intellectual Property Office (EUIPO) to gain legal protection.
- **Enforcement:**
 - Monitor the market and enforce rights through legal action if necessary.
- **Education:**
 - Educate employees and partners about the importance of IP and the consequences of infringement.

Benefits of Strong IP Management

- **Company Valuation:**
 - Enhances the company's valuation and attractiveness to investors.
- **Legal Backing:**
 - Provides legal backing for exclusive rights and licensing opportunities.
- **Competitive Barrier:**
 - Acts as a barrier to entry for competitors by safeguarding unique products and services.



Some last tips!



- **Stay informed about changes** in laws and regulations affecting your business structure.
- **Continuously evaluate** the business structure effectiveness and make adjustments as needed.
- **Consider the impact of business structure** changes on stakeholders and communicate effectively.

Case Studies



Case Study 1 - Jan Koum - Co-Founder of WhatsApp

<https://leaders.com/articles/leaders-stories/jan-koum/>



Case Study Qs

- **Q1** - What key factors contributed to the rapid growth and success of WhatsApp?
- **Q2** - How did Jan Koum's background and experiences influence the development of WhatsApp?
- **Q3** - What strategies did WhatsApp use to differentiate itself from other messaging apps available at the time?
- **Q4** - How important was user privacy to WhatsApp's business model and how did this impact their success?



Case Study 2 - Ben Silbermann - Co-Founder and CEO of Pinterest

<https://www.forbes.com/profile/ben-silbermann/#:~:text=Ben%20Silbermann%20grew%20up%20in,his%20startup%2C%20Cold%20Brew%20Labs.&text=%22I%20hope%20Pinterest%20is%20my%20last%20job.>



Case Study Qs

- **Q1**- What entrepreneurial qualities did Ben Silbermann demonstrate in the founding and early growth of Pinterest?
- **Q2** - How did Ben Silbermann identify and capitalise on the opportunity to create a visual discovery platform in the social media space?
- **Q3** - What challenges did Pinterest face during its initial years and how did Silbermann navigate them?
- **Q4** - How has Pinterest evolved its business model over time to adapt to changing user preferences and market dynamics?

Activities



Activity 1 – Analysing the Industry Activity

The aim of this activity is to provide participants with practical experience in conducting an in-depth industry analysis. This exercise will help participants apply theoretical knowledge to real-world industry scenarios, enhancing their understanding of market dynamics, competitive landscapes, and regulatory environments. By completing this activity, participants will improve their analytical skills, learn to identify key industry trends, and develop strategies for positioning their business within the market. |



Activity – Analysing the Industry Activity

Prepare a document or PowerPoint presentation analysing your target industry by addressing the following points:

1. Current Industry Overview:

- Size, worth, and general health of the industry.
- Recent growth trends or declines and factors driving these changes.
- Key regulations impacting industry operations.

2. Key Players and Competitors:

- Identification of major industry players and their success factors.
- Comparative analysis of competitors' strengths and weaknesses.
- Discussion on market share distribution among industry leaders and implications for new entrants.



- **Industry Trends:**
 - i. Description of significant ongoing trends (e.g., digital transformation, sustainability, consumer preferences).
 - ii. Analysis of how these trends are influencing the industry.
- **Challenges:**
 - i. Outline of common industry challenges (e.g., supply chain issues, technological advancements, competition).
- **Opportunities:**
 - i. Identification of business opportunities such as market gaps, underserved segments, or emerging technologies.
 - ii. Strategies for leveraging these opportunities to enhance competitiveness.



Activity 2 – Creating a Business Plan

The aim of this activity is to provide participants with practical experience in developing a business plan. By engaging in this hands-on exercise, participants will apply theoretical concepts learned in the module to a real-world scenario, enhancing their understanding of key business planning components. This activity is designed to improve participants' skills in market research, strategic planning, financial forecasting, and effective communication, ultimately preparing them to create viable and successful business plans.



Activity – Creating a Business Plan |

Please develop a brief business plan based on your business idea and the theoretical knowledge you have gained in this module. Do this in a powerpoint format, minimum one slide per section. The idea is that you throughout the course can go back to the business plan and continue developing it.

Sections

Executive Summary:

Company Description:

Market Analysis:

Organizational Structure:

Operational Strategy:

Investment Needs:



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Our Partnership



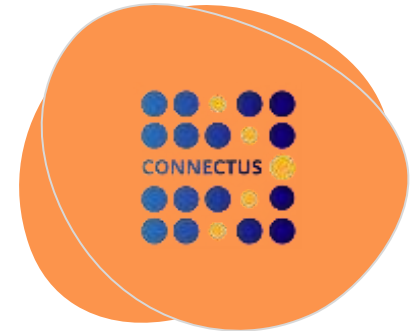
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