

What do we know about training senior nascent entrepreneurs

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Entrepreneurship

Starting up a business
and becoming self-
employed

Entrepreneurship = Being in business,
and

Growing and
developing business



Introduction to entrepreneurship

- no universal definition of entrepreneurship
- creation of organizations, the carrying out of new combinations, the exploration of opportunities, the bearing of uncertainty, the bringing together of factors of production
- *Gartner (1985)*; The creation of new organizations



Introduction to entrepreneurship

The Entrepreneurship Center at Miami University of Ohio: Entrepreneurship is the process of identifying, developing, and bringing a vision to life.

The vision may be an innovative idea, an opportunity, or simply a better way to do something. The end result of this process is the creation of a new venture, formed under conditions of risk and considerable uncertainty.



Why do individuals become entrepreneurs?

Birley and Westhead (1993):

- need for approval
- need for independence
- need for personal development
- welfare considerations
- perceived instrumentality of wealth
- tax reduction and
- the following of role models



Why do seniors become entrepreneurs?

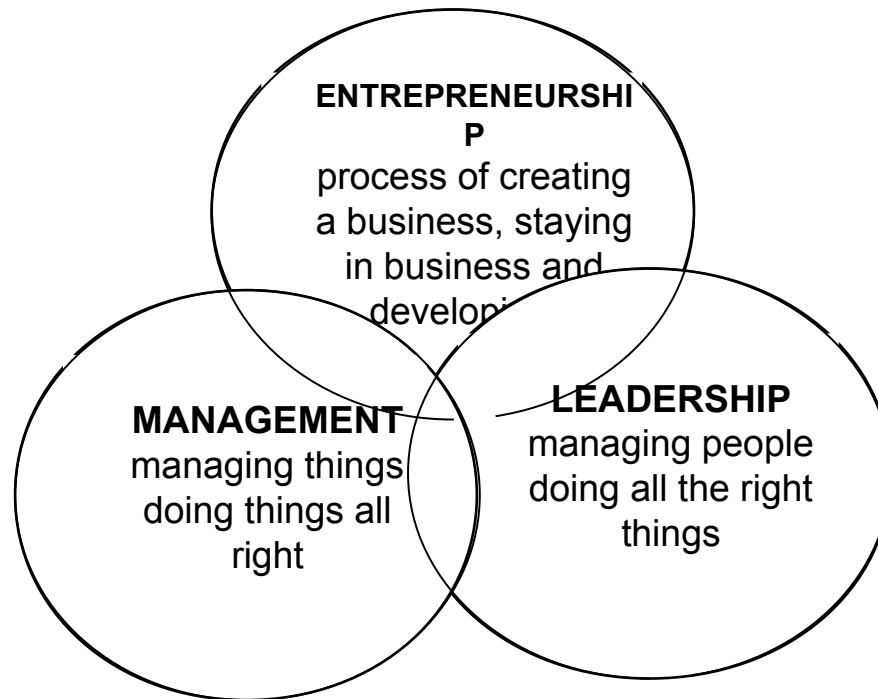
solution to boredom or financial difficulty

new meaning to one's life

may pose challenges, the rewards of creating and maintaining one's own business can be satisfying.



Entrepreneurship, management and leadership





Entrepreneurship, management and leadership

- Entrepreneurship: starting up a business but also being in business and growing and developing a business
- Management: process of setting and achieving the goals of the organization through the functions of management: planning, organizing, directing (or leading), and controlling
- Leadership is an interpersonal influence directed toward the achievement of a goal or goals



Intrapreneurship

- Innovation: successful development of competitive advantage & the key to intrapreneurship
- Innovation:
 - introduction of a new good or quality
 - introduction of a new method of production,
 - opening of a new market,
 - conquest of a new source of supply of new materials or parts, carrying out of the new organization of any industry
- Releasing entrepreneurial spirit within a corporation
- Internal Entrepreneurs



The typical small business

Reid, Jacobsen and Anderson (1993):

- Narrow product range (2-5)
- Operations in a regional market.
- A few major competitors (3) and more minor competitors (20)
- Mildly differentiated product
- Follows its rival's price
- Suffers a moderate degree of excess capacity
- Started up by using only personal finance
- Encounters cash-flow difficulties and has to take on new debt after inception



Legal forms of businesses

sole trader, partnership, company, co-operative and community business

Three warnings must be presented here:

1. The legal form of an enterprise does not guarantee business survival and/or development. However, on a certain phase of a business life cycle, a chosen legal form may bring tax benefit than another form.
2. There might be differences in legal forms within the EU-countries
3. If your legal form is sole trader, do not join EU-funded Erasmus projects as a partner if you do not have employees.



Family firms

- mainly defined by the ownership structure, e.g. more than half of the voting shares are owned by one family
- institution of family enterprise is strongly embedded in particular socio-cultural settings, such as the Mediterranean zone, Latin America and China
- in these settings the issue of promoting citizens' interests resides mostly in their families. Consequently, the family constitutes the primary nucleus of social life, encompassing also economic activity



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Franchising

- When individual buys a franchise, he/she will become self-employed
- Operating a franchise, however, is often completely and fully specified in the franchise agreement
- Little if any opportunity to be creative and entrepreneurial
- Franchisees are not autonomous such as an independent small businesses owned by an entrepreneur or entrepreneur's family
- Special mode of entrepreneurship and a growing phenomenon



Business creation formula

Business creation =

- new business idea
- + entrepreneurial know-how
- + entrepreneurial know-who



Push and pull factors

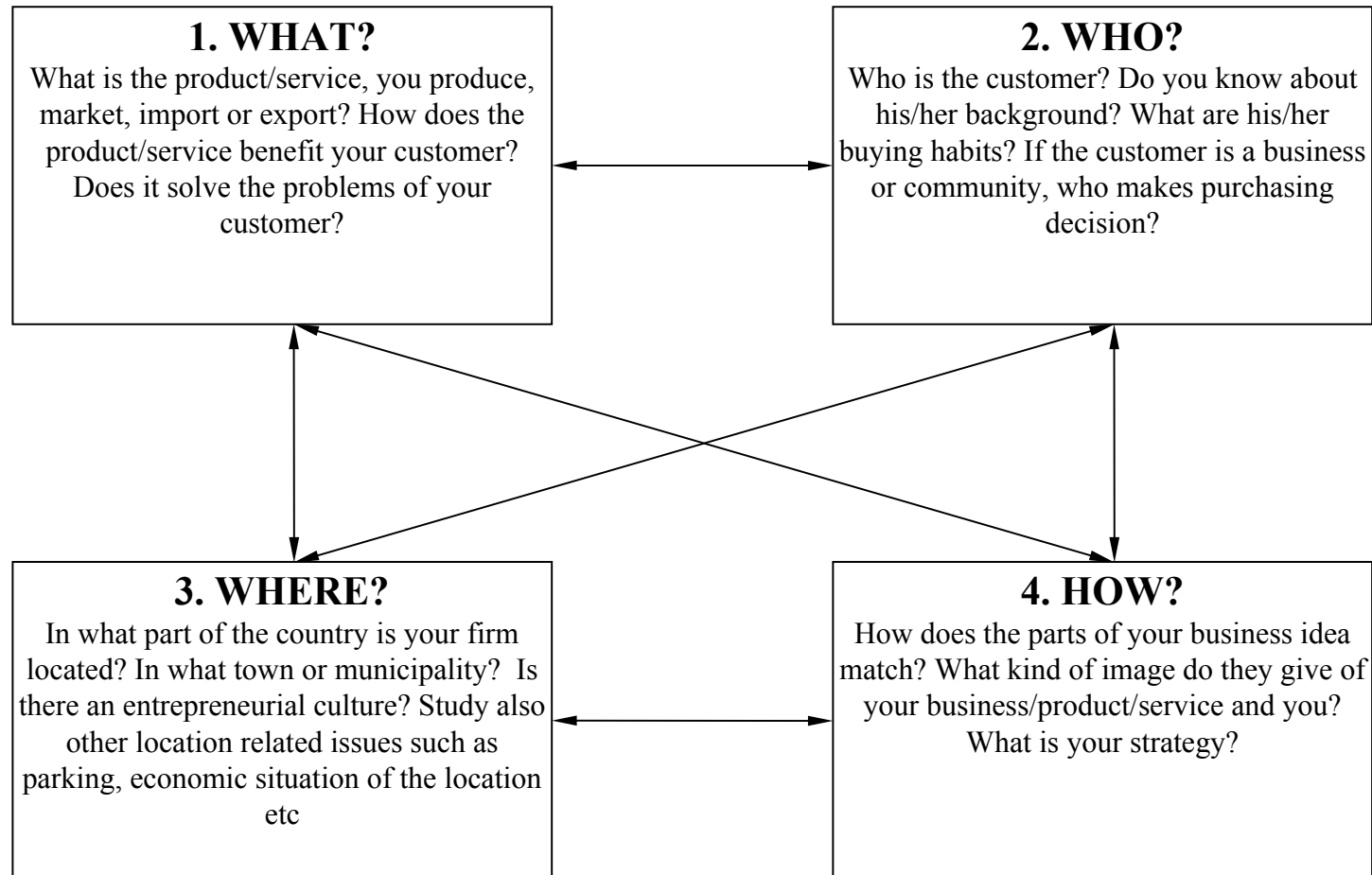
it matters whether a person is pushed or pulled into entrepreneurship

Seniors may be pushed into starting a business out of necessity because they have no other work options and need a source of income, i.e., necessity/forced entrepreneurship (from unemployment)

they may be pulled into starting businesses because they recognise lucrative business opportunities and choose to pursue them (from employment)



Considering the business idea





Considering the business idea 2

Pick a business that is based in a skill that you have

List goals of the business that you want to start

Research the market and competition online. Whenever possible, speak with customers of your potential competitors



Considering the business idea 3

Consider what the start-up costs for your business will be. Decide what equipment you will need to start your business, as well as if you will need to rent office space.

Determine how much time you will be able to spend on your enterprise. Even though you have started a business, you still want time to spend with grandchildren and time to travel.



Considering the business idea 4

Resolve the issue of funding. Decide if you will use some of the savings that you, as a senior, have acquired over the years

Name your business. Choose a name that reflects what your business stands for and what you stand for

Check if your business will require any licenses/permit



Considering the business idea 5

Create business slogan/brand/logo.

Consider using a catchy phrase about you as a senior running a firm

Network! Start advertising your services.

Utilize senior activities, church ties and neighborhood events to spread the word about your new company.



Common foundation of business ideas

FORM OR APPROACH	PLATFORM	SPRINGBOARD
Turning a hobby into a business	Long-standing passion	Personal connections
Becoming a professional consultant/trainer	Specialised knowledge	Professional contacts
Acquiring an existing business	Managerial and marketing skills	Financial resources
Taking on a franchise	Organisational ability	Financial and marketing resources
Creating a business of your own	Enterprising spirit	Market place
Matching personal and market potential	Personal knowledge and potential	Knowledge and potential of yourself and others
Developing your vision	Personal charisma and inspiration	Economic and social need/potential



Needs of senior entrepreneur

- Capital
- To be close to family
- Customers
- Suppliers
- Employees
- Premises
- Company formation – business legal form, name, stationery, management procedures
- Management skills – provided externally (consultants or start-up trainers) or internally (start-up or other relevant training)
- Information and advice
- Confidence



Problems facing new senior entrepreneurs

- 1) Inadequacy of the capital stock
- 2) A manager's perception of the financial needs was limited to the first year only
- 3) Labour problems
- 4) Managing market extension (markets were either expanding too quickly or too limited)
- 5) A permanent lack of cash and working capital



Liability of smallness and newness

smaller and new enterprises are faced with higher

dissolution and failure rates than large businesses:

- 1) costs of learning new tasks
- 2) the necessity to invent new roles and the conflicts such roles present
- 3) the absence of formal structures
- 4) the lack of stable links with clients

Formula of start up training of nascent senior entrepreneurs



Start-up training course model 1(3)

Module 0 Warming up, introduction, test of one's entrepreneurial intentions and skills

Module 1 Deciding on a business

This module will provide a student with a way to study own strengths and weaknesses as well as business idea

Module 2 Business Plan

This key ingredient for a successful business is too often not very well planned. This module will show to a student how to create his/her own individualized business plan and provide the tools to make it easy.

Module 3 Communication and Computer Literacy

Communication is necessary to any business success. Here the trainer will review basic communication and equipment aspects of business

Module 4 Legal form of a business

This module will clearly spell out options for deciding the form of business that is right for a nascent entrepreneur.

Module 5 Insurance

This module will explain in simple terms the various forms of insurance a nascent entrepreneur will need and explain the importance of each of them.



Start-up training course model 2(3)

Module 6 Location and leasing

Even a good business idea can be crippled by a poor location or a poorly negotiated lease. A nascent entrepreneur should learn how to create his/her own site model and the important aspects of a lease agreement.

Module 7 Accounting and Cash Flow

Before starting a business, a nascent entrepreneur should learn how to keep basic accounting and how to maintain cash in a bank account (cash flow control).

Module 8 How to Finance A Business

Nascent entrepreneurs will learn how to locate, negotiate and maintain sources of money to get a business started and help how to expand a business.

Module 9 Digitalization -net commerce

E-Commerce is the fastest growing segment in many economies. It allows even the smallest business to reach a global audience with its product or message with minimal cost.



Start-up training course model 3(3)

Module 10 Buying an existing business or franchise

Nascent entrepreneurs will learn how to make objective decisions when considering the purchase of a business or a franchise and how to evaluate how much a nascent entrepreneur should pay.

Module 11 Opening and Marketing

Nascent entrepreneurs should be furnished with check-off lists to maximize his/her marketing results and avoid the most common mistakes made in opening a business.

Module 12 Expanding and Handling Problems

A growing business needs to have appropriate expansion policies in place, plans to motivate key employees and know-how in handling common business problems.

Module 13 Internationalisation

Finding overseas markets or suppliers and dealing with shipping complexities are only two of the challenges facing small firms seeking to participate in international trade. Entrepreneurs should be cautioned that international trade involves many complexities above and beyond the basic disciplines necessary for operating a domestic business.

Thank you
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