

# BUS95 Spring 2017 Final Exam Study Guide

What do we call someone that starts a business or creates new things?

An Entrepreneur! (And learn how to spell it)

The 3 areas that we want to better understand are:

## Entrepreneur

Individual - the person – It all starts with YOU

## Entrepreneurship

The Process – models and framework – Learning some skills in a class like Bus95 versus having to learn by trying and failing/succeeding.

## Entrepreneurial

The Mindset – attitudes, skills, behavior – Understanding your SWOT, etc.

“All humans are entrepreneurs not because they should start companies but because the will to create is encoded in human DNA.”

“Entrepreneurship is a life idea, not a strictly business one; a global idea, not a strictly American one.”

What is a Business?????????

A **business** is a legally recognized organization designed to provide goods and/or services to consumers, governments or other businesses.

Almost every business starts as a small business!

Your business is a sea turtle!?

Because about only 2% of the baby turtles make it to the sea

And only 1 in 1000 make it to adulthood

This is about same the odds your company has to making it big. So, the more learning along the way the better your odds are of success!

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How do we determine the total value of a company?

Market Capitalization = The total number of shares of the company  
X (times)

The price of a share of the company

Why do we care about the value of a company? We need to know this when:

- You are taking investment money in from an investor, VC, etc.

- You give your new employee some stock – for example if you gave them 5% of your company and you thought your company was worth \$1M and it really was worth \$100M – that would be a bad thing (but great for the new employee!)
- You are selling your company so that you know what a great offer is and what a low offer is
- You want to merge with another company and need to determine the split of the new combined company

In talking with people that are thinking about starting a company, business, etc. they all face one HUGE initial hurdle....Starting!

Marketing!

- Your strategy
- For allocating resources
- to achieve your objectives

Big Rule: Know your customer!

What should you know about your customer? As much as you possibly can!

Innovation = Invention \* Commercialization

Three key elements to start a company

- Technology
- Idea
- Passion

IDEO's process for creating successful ideas:

- Time Bracketed
- Stages
- Facilitator
- Brainstormers
- At some point, Adult Supervision
- Prototyping
- Fail often so we can succeed sooner
- Funnel

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**A disruptive innovation is an innovation that creates:**

- a new market and value network
- and eventually disrupts an existing market and value network
- displacing established market leaders and alliances.

Know the 5Ps:

P1 = **Product**

P2 = **Place**

P3 = **Price**

P4 = **Promotion**

P5 = **Positioning**

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**Market segment** is subset of a broad market, normally consisting of existing and potential customers, that exhibit some type of shared characteristics

**Target Market** = the group of potential customers selected for marketing  
i.e. you “target” to aim for

Big Rule: Think strategically and act operationally

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Business are viewed through our legal system and they need to have a legal structure. The 4 most common forms of Business Ownership

- Sole Proprietorship
- Partnership
- Corporations
- Limited Liability Corporation

DBA means “Doing Business As”

Whatever business ownership of decide on, you can change it if you want!

Know what your goals are for your company to help you pick the best legal business structure.

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Value Proposition:

It is a promise of value to be delivered and acknowledged.

It is also a belief from the customer value (benefit) will be delivered and experienced.

Competitive advantages:

Conditions that allow a company to produce a good/service at a lower price or in a more desirable fashion for customers.

These conditions allow the productive entity to generate more sales or superior margins than its competition.

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Know what SWOT is:

- Strengths
- Weaknesses
- Opportunities
- Threats

Strengths and Weaknesses are internal to your company – things that you can change

Opportunities and Threats are external to your company – things that you really can't change