



Strategic Partnerships for vocational education and training

EIBI European Incubator for Business Ideas

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Erasmus+

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EXECUTIVE SUMMARY

This document defines the key functions; main actions should be performed by an entrepreneur when starting a business.

It was created in the framework of the **“European Incubator for Business Ideas”** project, funded with the support from European Commission, aimed to enable students and adults to acquire and develop skills and competencies needed for their employability, to turn their business ideas into concrete actions, as result of the Intellectual Output no.1.

Eight partners from six European countries, coordinated by EDUNET Organization worked together to create an innovative European Entrepreneurship Training Model for development of skills needed for a successful entrepreneur, to initiate and strengthen a successful business, a Curriculum, focused on the disadvantaged groups, and training/learning/evaluation tools, for the development of their business idea and put it into practice.

The EIBI Model combines online learning using the Massive Open Online Course (MOOC) and face to face training based on project collaboration, peer-learning, guidance, coaching and counselling.

More information about Eibi project at www.eibiproject.eu.

The project started with functional analysis, to define the functions performed by an entrepreneur when starting a business. This is an essential process in defining occupational competence that an entrepreneur should be able to carry out the functions for starting a successful business. Partners analyzed job descriptions, occupational standards, training standards, training needs and training programs on entrepreneurship in each partner mapping the entrepreneurial activities needed to start a business.

The key functions were validated by two experts appointed by each partner, using an evaluation questionnaire.

Chamber of Commerce, Cyprus made the list of key functions and activities.

This document was edited by Victor Dudau, Eduent Organization, Romania.

KEY FUNCTIONS ANALYSIS

Function analysis is a method for analysing and developing a function structure. It is important in the development of our course since we need to establish the basic operations that a new entrepreneur needs to implement in order to start his own business. It will describe the different activities that an entrepreneur will have to do. The principle of function analysis is to specify what activities we should do, and what specific skills and capacities we need in order to implement those activities.

The Cypriot team of experts has created a Functional Analysis for Entrepreneurs that want to start their own business. Since we are talking about start-ups, we are interested in the different activities, skills, knowledge, indicators, and attitudes that the entrepreneur should possess or be aware of. Therefore, if we are considering an entrepreneur that wants to develop his own idea, we have to take into consideration the first steps that must be applied in order to be able to begin his/her business. Thus, we believe that an entrepreneur should make the following fundamental operations, which are the following:

- Design a business plan
- Establish the business
- Marketing and Management

DESIGN A BUSINESS PLAN

A sound business plan must contain the fundamental elements of:

1. A well defined description of the services and/or products that are going to be available in the market
2. A defined market segment evaluation that our products and/or services are targeting

3. Competition analysis of the other similar products and services and a well defined marketing plan.
4. Financial projection which it includes a forecast of sales and expenses over at least 2 years time, capital investment, and a break-even point analysis.

ESTABLISH THE BUSINESS

In order to establish his/her business, an entrepreneur needs to be aware of the business environment and the realities that exist in the market. He should be able to provide the financial resources that the start-up requires and understand the legal rules, opportunities and limitations in his field of operation. In addition, he should be able to define his product/service, his mission and objectives in the market and create the structure of his organization in terms of human resources and in tangible assets.

The entrepreneur should decide which legal form is the most suitable for his/her product or services: sole proprietorship, partnership, Limited Liability Company (LLC), corporation, S corporation, non-profit or cooperative. In addition, he has to know the rules and regulations in the field and it is of utmost importance to learn about EU directives and regulations. An educated and trained entrepreneur that knows the legal realities can gain advantage in his business sector.

Regarding the financial resources, he/she should be able to provide a source for the required start-up capital which is essential at the beginning, when sales will be at a minimum level and try to establish the operations. A bank loan, own funds, government grants are possible tools that can support the establishment of the business, but the cost of borrowing should be taken very seriously into consideration. In addition, an estimate of the Return on Capital and the time required to recover the invested capital is essential.

MARKETING AND MANAGEMENT

Marketing strategy

Marketing is one of the greatest sales tools available for start-up and existing businesses today. Marketing is all methods utilized by an organization or company to sell their products or services. Stemming from a marketing plan, marketing strategies include the four Ps such as product development, pricing, place (distribution), promotion and they could be strengthened through relationship management. Marketing strategies revolve around the concept of customer satisfaction and on the capacity and interests of the company. Innovative marketing strategies are utilized to keep organizations on the cutting edge of technology and new business practices. More specifically, they dictate an organization's rate of business model innovation and new product development.

INNOVATION IN MARKETING

Breakthrough product refers to a product that can achieve innovation and change in the market. An innovation can redefine the market and create a totally new product or service, or it can give to an existing product or service a competitive advantage. A breakthrough change to products and services can originate from Research and Development or other forms of formal creative activity and can be in response to unarticulated, unmet, customer needs. It then evolves through a development process to put in the market new or extremely different products and services. These new products and services can drastically alter what established companies sell, and generate major gains in revenue and profit. Most innovations are incremental in nature and might lead to cost reductions; enhancements to existing products, business processes, or marketing approaches; and improvements to environmental or safety performance. Sometimes breakthroughs can create new markets and industries while also eliminating or transforming others; and radically change the way we produce, distribute, market, and sell products and services. An example of initially

successful company that failed to adapt to change or to cope with consumer needs is Blockbusters in the USA. Here it's the story:

“Blockbuster Video has a long and winding history. They saw some pretty extreme heights in their day, and through a series of blunders became obsolete. Blockbuster was founded by David Cook in 1985.¹ By 1987 he had sold Blockbuster to a trio of investors for \$18.5 million. Four years later Blockbuster was the undisputed leader of video rentals, and being bought by Viacom for 500 times the sum (\$8.4 BILLION). The company went public in 1999, but this might have had less to do with its business strength and more to do with its steady cash flow from late fees. Which is exactly why the competition emerged? After obtaining a \$40 late fee for Apollo 13, Reed Hastings founded Netflix. Blockbuster took in \$800 million in late fees in 2000, and also declined to purchase Netflix (the anti-late fee competitor) for a mere \$20 million. Blockbuster had instead decided to team up with Enron Broadband Services to roll out on-demand movies. When Enron filed for bankruptcy in the midst of an accounting scandal in 2001, this deal went away. By 2002 Netflix was public and rolling, while Blockbuster posted losses of \$1.6 billion. By 2005 Blockbuster finally caught on those customers didn't like late fees, but the cards were already set against them. Upon rolling out a “no late fee” campaign, Blockbuster was promptly sued by customers in every state for misrepresenting their policies to customers. By 2010 the company was worth just \$24 million with \$1.1 billion in revenue losses. Knocked out”²

LOGISTICS AND MANAGEMENT

No matter how good a marketing strategy and tactics are, if you cannot deliver you are doomed to fail. A very important aspect of operating a business is to have a solid management and the appropriate logistics to deliver your products and services.

Management sets the code of ethics and the organizational procedures and behaviour. The key element that defines management is the coordination of people and resources to achieve goals and objectives in an efficient and effective manner. A company that is flexible

¹ <http://alizul2.blogspot.com.cy/2014/11/10-businesses-that-failed-to-adapt.html>

² <http://www.fastcompany.com/1690654/blockbuster-bankruptcy-decade-decline>

to produce, deliver and meet consumer needs is the one that will flourish in a competitive environment. According to the principles of Management by [Henri Fayola](#), "to manage is to forecast and to plan, to organise, to command, to co-ordinate and to control."

Logistics is the actions that must be done to plan and organize a complicated activity or event that involves many people. Logistics is defined as a business planning framework for the management of material, service, information and capital flows. It includes the increasingly complex information, communication and control systems required in today's business environment. Business logistics is the planning process as well as the implementation of efficient and effective storage of raw materials, inventory, finished goods and services. It also refers to the flow and transportation of product from the warehouse to the consumer. Service organizations also value business logistics. Logisticians make certain that materials and information is provided at the time of service delivery.

The physical environment where your products or services are sold and delivered can have a significant impact on your operations and on how your customers' experience your business. The physical environment can be the quality of the furnishings in your consulting rooms, the design of your reception area or website. Creating a positive physical environment should not be expensive but effective and creative ways to make a positive and big difference.

RESULTS OF KEY FUNCTIONS ANALYSIS

Key function	Specific activities	Results of activity	Quality indicators	Knowledge	Skills	Attitudes	Context
Design the business plan	1.1 Define Business profile	Define product /service Business profile	Needs to cover	Specialized product usefulness Competitors	Specific product qualities	Innovation to make a business successful	Field of product/ service. For Small Business
	1.2 Analyze the market	Market Analysis	Sector, niche geographical , gender, age	General business environment	Entrepreneurship skills,	Sector innovation	Niche sector
	1.3 Design the marketing strategy	Marketing strategy	Target market Response rate,	Marketing tools, Social media, word of Mouth	ICT skills, Language	Innovative approach	Small business marketing
	1.4 Establish the financial projection	Financial analysis Financial plan	Financial projection Break even	Financials Estimates	Analytical skills Basic accounting	Financial Tools	FINANCIAL VIABILITY
Establish a business	2.1 Choose the business legal structure	Company mission objectives	Defined strategy Defined goals	Business strategy	Planning Strategic thinking	New Business Approach	LONG TERM GOALS
	2.2 Register the business	Legal aspects	Legal process	EU rules Local legislation	Legal understanding	New Legal regulations	Legal FRAMEWORK
	2.3 Get finance for the business	Financial Capacity	Assets and resources	Financial	Financial management	Financial tools	
	2.4 Organize the business	Structure & management	Organizational structure	Organizational behaviour	Managerial & HR skills	New concept Management	

Develop and market the business	3.1 Design breakthrough product	Breakthrough product	Innovation Quality item	New methods Market trends	Specific product	Innovative product	Competition Innovation
	3.2 Market and launch the business	Marketing plan	Tools to use Numbers to reach	Social media Word of Mouth	Basic marketing ICT skills	New Approach	ICT tools for marketing
	3.3 Assure the logistic support	Logistic support	Transport of product/service Offices,	Location Chain of transport	Logistics	ICT innovation	Organizational structure Business environment



EVALUATION SHEET FOR KEY FUNCTIONS AND ACTIVITIES RELATED TO STARTING A BUSINESS

The list of key functions and activities will be prepared by leader of WP (P3) and will be subject of verification by two experts appointed by each partner.

Please prioritise the following statements: **1= least important** and **5= most important**

- 1.
2. Was the description of functions coherent?

1	2	3	4	5
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3. Are the specific activities correctly identified?

1	2	3	4	5
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4. Are the responsibilities properly identified and described?

1	2	3	4	5
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5. Have been the working procedures incorporated relevant?

1	2	3	4	5
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6. Have been the relevant results described?

1	2	3	4	5
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7. Have been the quality standards set correctly?

1	2	3	4	5
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8. Is the description of knowledge, practical skills and attitudes necessary correct?

1	2	3	4	5
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Comments: