

# Entrepreneurship and Innovation

Aidan Sharpe

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# Chapter 1

## Definition 1.0.1: Entrepreneurship

According to Steve Blanc, *Entrepreneurship* is the search for a sustainable and repeatable process to validate a business idea.

The difference between a startup and a business is that a startup is a hypothesis test for a process, while a business is the tested idea.

## Definition 1.0.2: Intrapreneurship

The act of behaving like an entrepreneur while working within a large organization.

## Definition 1.0.3: Bootstrapping

Being able to create a startup with minimal budget and without external funds.

## Definition 1.0.4: Pitch Deck

A marketing presentation used to gain investors and funding.

The design thinking process:

1. **Empathize**: understand what the customer *wants* and *needs*
2. **Define**
3. **Ideate**
4. **Prototype**
5. **Test**

## Definition 1.0.5: Growth Mindset

## Definition 1.0.6: Ideation

The act of generating, developing, and communicating new ideas.

# Chapter 2

## 2.1 Business Model

### Definition 2.1.1: Business Model

Describes the rationale of how a new venture delivers and captures value

A business model canvas has nine segments in four core areas.

1. **Offering:** Value generated and reaching customer base
2. **Customer:** Customers are
3. **Infrastructure:** includes all necessary resources to fulfill customer value proposition
4. **Financial Viability:** defines costs and revenue streams

### Definition 2.1.2: Customer Value Proposition (CVP)

Better value than competition. Measurable in monetary terms. Must be sustainable for long-term operation.

### 2.1.1 Business Model Canvas

1. **Customer Value Proposition:** properly addresses the need
2. **Customer Segments:**
3. **Customer Relationships:** People want to know that you care. How to get, keep, and grow a customer base.

### Definition 2.1.3: Minimum Value Proposition

Meets needs and requirements of the CVP while mitigating risk

## Chapter 3

# Customers and Markets

### **Definition 3.0.1: Customer**

Someone who wants to purchase a product or service.

### **Definition 3.0.2: Market**

A place where people can sell their product or service.

### **Definition 3.0.3: Demand**

A *need* of the market.

### **Definition 3.0.4: End-User Profile**

A description of the demographics and psychographics of the customer.

# Chapter 4

## Midterm Review

Entrepreneurship, intrapreneurship, innovation, creativity, startup vs. corp. vs. LLC, types of entrepreneurship, different types of mindset, effectuation vs. self-leadership, elements and characteristics of an opportunity, perception vs. alertness vs. intuition vs. instinct, pattern recognition and opportunity recognition, process of identifying opportunity, design thinking and its elements, feasibility vs. viability vs. durability vs. desirability, implementation phase and its purpose, four parts of a business model, business model canvas parts related to customers, segments of business model canvas, chain of customers, importance of buyer profile and steps, process of market sizing, empathy map

**Entrepreneurship:** a way of thinking, acting, and being that combines the ability to find or create new opportunities with the courage to act on them.

**Intrapreneurship:** a process of creating new products, ventures, processes, or renewal within large organizations.

**Innovation:** a product or service that is novel, useful, and valueable.

**Creativity:** The capacity to produce new ideas, insights, or inventions that are unique and of value to others.

**Startup:** a temporary organization in search of a scalable business model.

**LLC:** a business structure that combines the taxation advantages of a partnership with the limited liability benefits of a corporation without being subject to the eligibility requirements of an S-corp.

**Types of entrepreneurship:** corporate entrepreneurship (intrapreneurship), entrepreneurship inside, franchising, buying a small business, social entrepreneurship, family enterprising, serial entrepreneurship.

**Managerial Thinking:** big planning, wait until you get what you need, expected return, linear, optimization, avoid failure, competitive, knowable, plan to act.

**Entrepreneurial Thinking:** small actions, start with what you have, acceptable loss, iterative, experimentation, embrace and leverage failure, collaborative, unknowable, act to learn.

**Fixed Mindset:** the assumptions held by people who perceive their talents and abilities as set traits.

**Growth Mindset:** the assumptions held by people who believe that their abilities can be developed through dedication, effort, and hard work.

**Effectuation:** taking quick-action using resources you have available to get early traction on new ideas.

**Self-leadership:** a process whereby people can influence and control their own behavior, actions, and thinking to achieve the self-direction and self-motivation necessary to build their entrepreneurial business ventures.

**Pattern recognition:** the process of identifying links or connections between apparently unrelated things or events.

**Opportunity recognition:** identify, discover, enhance, anticipate, target, evaluate

**Alertness:** the ability to identify opportunities.

**Design Thinking Process:** empathy, define, ideate, prototype, test

**Feasibility:** what can possibly be achieved in the near future.

**Viability:** how sustainable the idea is in the long term.

**Desirability:** who will want to use or buy the product or service.

**Implementation Phase:** early, fast, and cheap testing to strengthen ideas and ensure the design team is on the right path toward meeting the needs of the people for whom they are designing.

**Business Model:** offering, customers, infrastructure, financial viability.

**Offering:** what you are offering to a particular customer segment, the value generated for those customers, and how you will reach and communicate with them.

**Customers:** people who populate the segments of a market served by the offering.

Infrastructure: the resources (people, technology, products, suppliers, partners, facilities) that an entrepreneur must have in order to develop the customer value proposition.

Financial Viability: the revenue and cost structures a business needs to meet its operating expenses and financial obligations.

Business Model Canvas:

- Offering: value proposition
- Customers: customer segments, channels, customer relationships
- Infrastructure: key activities, key resources, key partners
- Financial Viability: cost structure, revenue streams

Customer Value Proposition: a statement that describes why a customer should buy and use your product or service.

Customer Segments: parts of the customer grouping of a market.

Channels: the ways in which you can reach your customers

Customer Relationships: how you establish and maintain relationships with your customers.

Key Activities: the most important activities that the company participates in.

Key Resources: What you need to develop the business, create products and services, and deliver on the CVP (people, technology information, equipment, finances).

Key Partners: The suppliers, associates, and distributors used for strategic and efficiency purposes.

Revenue Streams: Where revenue is coming from. How much customers are willing to pay.

Cost Structure: All expenses required to execute and run the business model.

Chain of Customers: users, buyers, and influencers.

Buyer Profile: the demographics and psychographics of the ideal customer.

Market Sizing: a method of estimating the number of potential customers and possible revenue or profitability of a product or service.

Total Available Market (TAM): the total market demand for a product or service.

Serviceable Available Market (SAM): the intended target of the TAM

Share of Market (SOM): the portion of SAM that the company can realistically reach.

Empathy Map: say, do, think, feel