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Module 2: Business Planning and Development

Session 1: Business Start-Up

Description

This session examines the different requirements for business start-ups. It aims to equip participants with the knowledge and skills required to critically analyse business model strengths and weaknesses and the ability to create insights and interpretations.

Learning Outcomes

On completion of session one, participants will be able to:

- Have a good understanding of the resources required for starting a business
- Implement business start-up principles
- Identify new business opportunities by understanding customers and market needs
- Understand the importance of value proposition and market segmentation

Indicative Syllabus			
Topic	Methodology	Activities	Resources
<ul style="list-style-type: none"> • What do you bring to the business? • Resources for Starting a Business • Understanding your products and services • Understanding customers and their needs • Developing your brand • Developing your unique selling point (USP) • Business planning • Managing yourself – time management 	<p>A Blended learning approach incorporating both Classroom (face to face) and Online delivery</p>	<p>Participants will be expected to take the lectures and participate in the associated learning-by-doing activities sequentially.</p>	<p>New Venture Creation – A Framework for Entrepreneurial Start-Ups (2nd Edition) by Paul Burns ISBN: 978-1352000504</p> <p>Entrepreneurship and Small Business: Start-Up, Growth and Maturity (4th Edition) by Paul Burns ISBN: 1137430346, 9781137430342</p> <p>The Lean Product Playbook: How to Innovate with Minimum Viable Products and Rapid Customer Feedback by Dan Olsen ISBN: 978-1118960875</p> <p>Business Models explained - https://articles.bplans.com/what-is-a-business-model-business-models-explained/</p> <p>https://hbr.org/2015/01/what-is-a-business-model</p>

			<p>https://web.archive.org/web/20061213141941/http://business-model-design.blogspot.com/2005/11/what-is-business-model.html</p> <p>Elements of a strong business model - https://www.entrepreneur.com/article/243753</p> <p>Business Model Canvas template - https://www.alexandercowan.com/business-model-canvas-templates/</p> <p>The Lean Canvas - https://leanstack.com/leancanvas</p> <p>Lean Canvas versus Business Model Canvas - https://blog.leanstack.com/why-lean-canvas-vs-business-model-canvas-af62c0f250f0</p>
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1. What do you bring to the business?

As an entrepreneur, the most important thing that you bring to your new venture is **YOU**. Therefore, you need to have a good understanding of what that means for you. Think through your motivations for going into this venture, why you are considering it, your personal drivers and what you want the business to achieve for you. You also need to take into consideration any constraints or barriers that you may have to setting up the business. For example, a shortage of money, time or skills.

Furthermore, consider the following and how they may be applicable to your business venture:

- your **knowledge** – skills and knowledge that you have that are applicable to your business venture
- your **experiences** – experiences, both personal and non-personal that you’ve had that could relate to the business
- your **character** and **personality traits** – the kind of person you are and what your natural inclinations are

In addition to the above, to succeed, you will also need passion, a belief in what you do and a commitment to the hard work required to achieve it.

Entrepreneurial Traits

Research has identified the following traits and characteristics as entrepreneurial traits that add value to businesses:

Creativity – the ability to create (Merriam-Webster Dictionary); the ability to produce or use original and unusual ideas (Cambridge Dictionary)

Innovation – a new idea or method or the use of new ideas and methods (Cambridge Dictionary)

Risk-Taking – the act or fact of doing something that involves danger or risk in order to achieve a goal (Merriam-Webster Dictionary). For example, starting a business always involves some risk-taking

Opportunity Spotters – the ability to identify opportunities or situations where it is possible for you to take action to achieve your business goals

Myths About Entrepreneurs

As you take stock of what you bring to your particular new venture, beware these popular myths about entrepreneurs so that you don't get side-tracked by them.

1. **Entrepreneurs are visionary** – There are no automatic visionaries. Visions evolve as opportunities emerge and you get to define your own vision and measures of success for your business.
2. **Entrepreneurs have good ideas and you do not** – Ideas are a dime a dozen; very easy to come by. However, you don't know how successful they will be until you take action on them. This applies to everyone, even entrepreneurs.
3. **Entrepreneurs are risk-takers** – Entrepreneurs may be willing to accept risks (it comes with the territory), however, like just about everyone else, they do not like risks. The difference is that they take steps to limit and mitigate them in any way they can.
4. **Entrepreneurs have money and you do not** – This is just not true. Having money for your business does not guarantee its success and several money-starved start-ups have gone on to become wildly successful.
5. **Entrepreneurs are extraordinary forecasters** – This is also not true. They are just willing to live with the uncertainties that come with running a business and organise themselves to cope with and indeed influence them.
6. **Entrepreneurs are not like the rest of us** – Entrepreneurs are just like everyone else. Entrepreneurial principles and skills can be taught.
7. **I do not know how to take the plunge** – This may be true, but hopefully, having the right resources available to you, such as this course will help you do just that.

Activity:

Take the GET 2 Entrepreneurial Trait Test following this link –
<http://www.get2test.net/get2test.html>

Evaluate Your Results:

- What surprised you?
- How can you utilise the findings?

- Does it make a difference knowing how you may think and respond to your situation now?
- Will your results change over time?

For further information, please see the following resources:

The Power of an Entrepreneurial Mindset | Bill Roche | TEDxLangleyED

<https://www.youtube.com/watch?v=lhs4VFZWwn4>

Entrepreneurial Skills – The Skills You Need to Start a Great Business

https://www.mindtools.com/pages/article/newCDV_76.htm#:~:text=Successful%20entrepreneurship%20takes%20hard%20work%2C%20dedication%20and%20a%20wide%20skill%20set.&text=But%20the%20key%20qualities%20are,skills%20that%20underpin%20these%20qualities.

15 Steps to Start a Business From Scratch with (almost) No Money

<https://entrepreneurhandbook.co.uk/starting-a-business/>

2. Resourcing

According to Burns (2018), there are four main resources that you need to start a business.

- i. **A good business idea** – In coming up with a business idea, keep in mind that new ideas are rarities! As the saying goes, “there’s nothing new under the sun”. Your “new” business idea is more likely to be a new spin on an existing idea or an idea that you’ve gotten from observing trends or pain points that your target customer is experiencing. Whatever the idea is, the key is to own it and deliver it with your own Unique Selling Point (USP).
- ii. **Sufficient capital to launch the business and help it grow** – Even if you’re short on cash, you do bring some capital to your start-up. Capital could be in the form of **human capital** (e.g., your skills, abilities, education or experience), **social capital** (e.g., access to personal networks of friends and commercial contacts, your social skills) or **financial capital** (for e.g., cash and other assets such as land, buildings, equipment). The more capital in whatever form, you are able to bring into your business, the greater its chances of success. Note that you can compensate for one form of capital by having more of another. For instance, you could compensate for a lack of financial capital by having more social capital or vice versa.
- iii. **An entrepreneurial character** – Your personal drivers and fears have a significant impact on your approach to entrepreneurship. Character traits are in part the product of the many influences that have shaped and developed you over the course of your life, from your parents to your nationality, to your education, to your career. While it may be possible to classify your character at a point in time, it can change over time and in different circumstances. Based on research, five main entrepreneurial character traits have been identified as follows:
 - High need for achievement
 - High need for independence

- High creativity, innovation and opportunism
- High internal locus of control
- Acceptance of measured risk and uncertainty

Note that each of these character traits is considered to be necessary but not sufficient in and of itself. Instead, a combination of all of them is needed to be present.

- iv. **A plan as to how you will make it happen** – In addition to having the preceding resources, you need to have a strategy outlining how you are going to put them to use to achieve your business goals. The process of planning has value to you as a business owner because it helps you outline your business goals, vision and target as well as the “how”. A plan also is also a useful document for “selling” your idea to stakeholders e.g., potential investors.

Activity:

Think of the resources that you currently have to put towards your business. Also, identify what forms of capital you have available (human capital, social capital, financial capital) and what proportion of your total capital they represent.

For further information, please see the following resources:

Starting Your Business: The Tools, Resources and Mindset You Need to Succeed

<https://www.entrepreneur.com/article/334517>

Resources You Need to Start a Business

<https://smallbusiness.chron.com/5-resources-need-succeed-start-business-23.html>

The Single Biggest Reason Why Start-ups Succeed | Bill Gross

<https://www.youtube.com/watch?v=bNpx7gpSqbY>

3. Understanding your Products and Services

Before you launch your start-up, it is essential that you do as much research as possible into every facet of your new venture i.e., market research. The more information you have at your disposal, the better. Keep in mind that though as an entrepreneur, you can create opportunity or spot opportunities, that in itself is not enough. Your creative skills need to be linked to a market need. So, you need to research the market/industry that you intend to do business in and ensure that there is a need for the product or service that you plan to launch. Other key areas that you should have a detailed understanding on are:

- **What are you selling?** You need to be able to answer this question satisfactorily both to yourself and potential investors. What is the product or service that you are bringing to market? Is it a new product/service or is it a variation of an existing one? What’s different about it? How do you plan to sell it? How much market share do you expect to have in relation to your competitors?

- **Who to?** Who are your customers? Have you identified a target market? How are you going to get their attention and sell to them? Does your product or service fulfil a need or solve a problem for them?
- **Why do they buy from you?** You're likely not the only business selling whatever product or service you are launching, so why should the customers buy from you instead of your competition? What edge does your product or service have over that of your competitors? How much do you know about your competitors? What are their strengths and weaknesses and how can you exploit these to your advantage?

Having all this information to hand helps minimise risk and uncertainty and provides a basis on which you can develop your marketing strategy.

Activity:

Try to answer some of the questions listed above for your own business. Do you think you have enough information, or do you need to do some more market research?

For further information, please see the following resources:

Knowing Your Products and Services

<https://www.business.qld.gov.au/running-business/marketing-sales/sales/skills/know-product>

How to Do Market Research

<https://www.youtube.com/watch?v=b-hDg7699S0>

Understanding Market Research for Small Business

<https://www.youtube.com/watch?v=p7Nv16FppOE>

4. Understanding Customers and Their Needs

One of the most important things to do before you launch your new business is to identify **who** your target customers are, **what** they want and **how** your product or service will meet their needs. This is the core of your business – meeting customer needs. Your business will only succeed if it is continually offering customers a value proposition that meets their real needs or solves real problems for them. Your value proposition is the reason that customers buy from you instead of from your competitors. Therefore, the features or characteristics of your product or service must combine to deliver benefit to or solve a problem for the customer, or they will not buy it. To be able to effectively identify customers' needs or problems, you must segment them.

Market segmentation – This is a process of grouping customers according to their different group needs or problems. Market segments match groups of customers to their product/service wants or needs and the benefits that they are looking for. A segment can be created on the basis of any one or a combination of descriptive factors.

Descriptive factors for private /individual customers could be personal demographics e.g., age, gender, socioeconomic group, occupation, marital status etc. For business markets, descriptive

factors could be the type of business, location, industry, nature of technology etc. Private/individual descriptive factors would be applicable to you if your business is customer facing i.e., B2C, while the business descriptive factor would be applicable to a business facing organisation i.e., B2B.

Creating market segments will help your business more clearly identify the different customer needs or problems that there are and make it easier for you to identify your **target market**. It helps highlight any gaps in the market where the needs of a particular segment are not being met as well as they could be, thereby creating an opportunity for your business.

Target market – Your target market should be drawn from the group of customers whose needs you are most able to meet or whose problems you are most able to solve. As a start-up, it is advisable for you to identify and focus your limited resources on just three or four clearly defined, important and sizeable markets. Doing this will help you tailor your marketing mix, communication and marketing strategy to the needs of the customers in these particular segments.

More information on this is provided in Module 3, Session 1 – Marketing Strategy

Activity:

Think through how you would create market segments and identify target markets for your business.

For further information, please see the following resources:

A Guide to Target Markets for Small Businesses

<https://www.wordstream.com/blog/ws/2014/09/18/beginners-guide-to-target-markets>

What is Market Segmentation and Is It Crucial for Your Business?

<https://entrepreneurhandbook.co.uk/why-market-segmentation-is-crucial-for-your-business/>

Market Segmentation for Small Business

<https://www.thebalancesmb.com/market-segmentation-for-the-small-business-2294921>

STP Marketing (Segmentation, Targeting, Positioning)

<https://www.youtube.com/watch?v=iGOw39GWDaI>

How to Identify Target Market | Target Market Examples

<https://www.youtube.com/watch?v=LelePgFDAQI&t=78s>

5. Developing Your Brand

Your brand is the image that customers have of your business and how they identify it in the sea of competing offerings that they have available to them. It is also the impression that they walk away with after interacting with your business. A good brand is a powerful marketing tool that should be the cornerstone of any marketing strategy. It represents not just your value proposition to the customer, but the “personality” of your business. Your business’s brand would ideally be recognised through the brand or company name and logo.

Building a brand takes time and requires the effective use of communication media. Your brand should be the embodiment of the values and beliefs that are represented by your business. These values and beliefs need to be explicit and consistently reflected not just in what you do as a business, but also in how you do it. Consistency is crucial as customers do not buy from a confused or confusing brand. With a start-up, it is not uncommon for the personal beliefs and values of the owner to be built into the brand – especially since you are likely to be using yourself to promote your brand.

Reasons to Develop Your Brand

- First and most important, it helps to differentiate your product or service from that of your competitors
- It can serve as a form of sustainable competitive advantage for your business e.g., Apple represents design excellence and simplicity of use and that gives it a clear competitive advantage over similar products
- Helps to highlight the unique features and benefits of your product/service that are of value to customers
- It helps to cement customer loyalty. Can aid in promoting loyalty for your products and services
- Branding is your reputation; it shapes how people think of your business

Branding is discussed in more detail in Module 3, Session 2 – Branding

Activity:

How do you want your business to be perceived by your customers? How would you communicate this through your brand?

For further information, please see the following resources:

How to Create a Brand for Your Business

<https://entrepreneurhandbook.co.uk/how-to-create-a-brand/>

Building Your Brand Strategy

<https://www.unbiased.co.uk/life/small-business/building-your-brand>

Why Brand Strategy is a Must-Have for Every Small Business

<https://startups magazine.co.uk/article-why-brand-strategy-must-have-every-small-business>

How to Build a Brand From Scratch – 6 Steps to Success

https://www.youtube.com/watch?v=T9-5bnw24_Q&t=1s

6. Developing your Unique Selling Point (USP)

Your USP which is your Unique Selling Point or Unique Selling Proposition is the unique value proposition that your products or services have to offer your customers. It is the essence of what that makes your offering better than or differentiates it from that of your competitors. Your USP could be thought of as what you have that your competitors don't. This could be a special feature of

your product or service like superior quality, or an additional benefit that you offer such as free delivery or lower prices or even bulk discounts.

For your Unique Selling Point to be successful with customers, it must be clearly defined and communicated to them and it must also be compelling enough to attract both new and existing customers. It should be obvious, different, and memorable so that they can easily see what your business has to offer that others don't. Without a USP, your product/service is just like all the others and you do not give the customer a reason to choose **you** over them.

Why do You Need a USP for Your Business?

- Having a USP defines your unique position in the marketplace, the value you offer and the problem that you solve for customers
- It articulates a specific benefit that others don't offer and therefore makes you stand out
- A USP helps customers differentiate between the various options available to them and identify which one is right for them
- A strong USP helps you stand apart from your competitors and actively focus on creating products and services that cater to your ideal group of customers
- A USP is a competitive advantage

How to Communicate Your USP

- Through **Advertising** via traditional marketing media and brand marketing campaigns
- Using **Social Media**; this is a great tool to leverage for driving brand awareness
- Through **Digital Marketing** via your online store. Your USP would ideally be communicated in your tag line or as a bulleted list on your product page
- By optimising **Search Marketing**, improving your website's SEO and ranking key words in search engines like Google [[More detail on this will be shared in Module 3, Session 3 – Digital Analytics](#)]

Activity:

What can you identify as the Unique Selling Point of your business? How would you communicate this to your customer?

For further information, please see the following resources:

What a Unique Selling Point is and Isn't

<https://www.shopify.co.uk/blog/unique-selling-proposition>

Developing Your USP – A Step by Step Guide

<https://www.marketingdonut.co.uk/marketing-strategy/branding/developing-your-usp-a-step-by-step-guide>

8 Great USP Examples for Small Businesses

<https://www.sandstonecastles.co.uk/usp-examples-for-small-businesses/>

How to Sell Without Selling Your Soul

<https://www.youtube.com/watch?v=fqdaRXQjTUE>

7. Business Planning

Planning is considered an essential part of life, more so in business. It is the process of deciding in detail how to do something before you actually start doing it (Collins Dictionary). Planning involves thinking about and identifying the activities required to achieve a desired goal and based on that, setting out how that goal will be achieved. It should mark the starting point of any new venture. Consequently, the first thing to do in starting a business is to create a business plan.

Planning is essential for business success. Having a plan gives you, the entrepreneur control over your business. A well-written business plan serves as a roadmap and a blueprint, keeping you on track to achieve all you've set out to for your business. A business plan is a document that explains what the business is, what its goals are and how it will set about achieving those goals. Invariably, a business plan helps to:

- Create focus for the business,
- Manage time efficiently,
- Allocate resources efficiently,
- Prepare for uncertainties,
- Grow the business,
- Secure finance,
- Prioritise efforts,
- Evaluate opportunities,
- Identify potential problems steps can be taken to prepare for mitigation.

As a business owner, having a business plan is a huge asset to you as it helps guide your business decision making, provides greater clarity on all aspects of your business, and helps you identify the viability of the business before you commit resources to the venture. Furthermore, acting on the business plan means that you stay focused on executing action plans to reach set objectives within defined timelines and achieving your overall business goals.

This topic is discussed in-depth in Session 3 of this Module – Business Planning and Finances.

Activity:

Think about the goals and objectives that you have for your business and make a list of them. Also think about **how** you might go about achieving these.

For further information, please see the following resources:

5 Reasons You Need a Business Plan

<https://www.sba.gov/blog/5-reasons-you-need-business-plan>

Why is a Business Plan Important and Who is it for?

<https://entrepreneurhandbook.co.uk/why-is-a-business-plan-important-and-who-is-it-for/>

8. Managing Yourself – Time management

No matter what qualities and attributes you have as an entrepreneur, an essential skill that you need for success is the ability to manage your time efficiently. Time management requires a shift in focus from **being busy** i.e., focusing on high volumes of activity to being **effective** i.e., being **productive** and aiming more for **tangible** results and outputs. With time being a limited resource, failing to organise yourself and your tasks properly will result in having insufficient time to accomplish your tasks and consequently your overall business goals.

Time management is described as the process of organising and planning how to divide your time between specific activities in order to achieve maximum productivity. It's pretty much, devising a system that helps you get the most bang for your buck, timewise. Practicing good time management enables you to work smarter, not necessarily harder so that you get more done in less time.

Time is a unique and highly limited resource – only 24 hours in a day. It can't be rented, hired, bought, or otherwise obtained. It is totally irreplaceable and is required for **everything**. Therefore, to make the best of your time, there are some essential requirements of good time management to incorporate. These are detailed as follows:

- Identify key tasks
- Set clear objectives
- Include careful forward planning i.e., consider possible future circumstances or requirements as you plan
- Clearly define your priorities and the actions that you need to take
- Identify performance standards that you need to work to
- Identify any constraints that may exist and plan for them
- Learn to delegate successfully (where applicable)
- Include flexible working

When you've gotten into the habit of good time management, here's a checklist to help you evaluate and review how effectively you are actually managing your time.

Time Management Checklist

1. Am I giving adequate attention to my current business activities, reviewing the past and planning for the future?
2. Am I dividing my time correctly between the different aspects of my work?
3. Have I adapted what I'm trying to do and how I work to allow for the effects of changes in my business over time?
4. Am I certain that I'm not doing any work that I ought to have delegated?
5. Who are the people that I ought to be seeing? Am I spending too much or too little time with them?
6. Do I organise my work day and week as far as possible according to priorities, or do I tend to deal with each problem as it turns up, or as I think of it without stopping to think if there's something more important that I should be working on?
7. Am I able to complete the tasks that I set for myself or am I constantly being interrupted or distracted? If the latter, are all these interruptions an essential part of my work?

Furthermore, for each activity that you engage in, ask yourself:

- Should it be done at all?
- If so, when should it be done?
- Should it be delegated?

Activity:

Based on the above, do you think that you're currently engaging in good time management? Make a list of ways that you can improve on your time management and become more productive with your business.

For further information, please see the following resources:

Time Management – Meaning and its Importance

<https://www.managementstudyguide.com/time-management.htm>

Time Management Tips for Small Business Owners

<https://www.moo.com/blog/business-tips/time-management-tips-for-small-business-owners>

10 Best Time Management Tips for Small Business Owners

<https://www.subscriptiondna.com/blog/10-best-time-management-tips-for-small-business-owners/>

Seven Tips for More Effective Time Management

<https://www.thebalancesmb.com/effective-time-management-tips-2951611>

Managing Your Time for Success in 2020

https://www.youtube.com/watch?v=Di_4uufINqw

Time Management – 10 Productivity Tips and Tricks that Work

<https://www.youtube.com/watch?v=1Fser8owBOc>

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- Cambridge Dictionary – <https://dictionary.cambridge.org/dictionary/english/creativity> (accessed 14/04/2021)
- Collins Dictionary <https://www.collinsdictionary.com/dictionary/english/planning> (accessed 26/04/2021)