

# Final Notes

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## Chapter 6

### The nature of Entrepreneurship

**Entrepreneurship:** Strategic thinking and risk-taking behaviour that results in new opportunities.

**Serial Entrepreneurship:** People who start and run new ventures over and over again, moving from one opportunity to the next. This can be found in both business and non-profit settings.

**First-mover advantage:** They move quickly to spot, exploit, and deliver a product or service in an unrecognized niche in an existing one.

**Necessity-based entrepreneurship:** They start new ventures because they have few or no other career options.

### Entrepreneurship and Small Business

**Franchise:** Business owner sells the right to operate the same business in another location.

**Business model:** A plan for making a profit by generating revenues that are greater than the costs.

**Start-ups:** Temporary organizations that are trying "to discover a profitable, scalable business model."

**Lean Start-up:** It takes maximum advantage of resources like open-source software and free services, while starting small and keeping operations as simple as possible.

**Family business:** Owned and financially controlled by family members. They are some of the most successful businesses in the country. They need to meet the challenges of strategy, competitive advantage, and operational excellence.

### Why Small Businesses Fail

"Failure" is any business that closes because of sale to others, death or retirement of the owner, or inability to generate enough profit to keep business running. Businesses fail because of a few reasons:

- **Inexperience:** Over estimates their ability to generate revenue, or underestimate what it will cost to run the business.
- **No value proposition:** Entrepreneurs often have an inflated sense of their product's value. Products have to be at least "10 times better" than your competitor's.
- **Relying on investors, not customers:** Funding doesn't make you successful, customer demand does.
- **Bad partners:** You can have the best idea in the world, you need a team who can help you execute it.
- **The economy:** During lean times, consumers rein in their spending.

### Choosing form of Ownership

**Sole proprietorship:** An individual or a married couple pursuing business for a profit. This is the simplest form of business organization.

**Partnership:** Two or more people agree to start and operate a business together. Backed by a partnership agreement.

**Corporation:** Commonly identified by the "INC." legal structure chartered by a provincial government.

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and exists separately from its owners. There are **TWO** major advantages:

- It grants the organization certain legal rights.
- The corporation becomes responsible for its own liabilities.

**Benefit corporation:** New corporate form for business with stated goals to benefit society and to adopt the goals of social entrepreneurship and social enterprises to help solve social and environmental problems.

**Limited liability corporation:** LLC, it combines the advantages of the other forms; Sole proprietorship and partnership.

### Financing a New Venture

Starting a new Venture takes money, and that money often has to be raised.

**Debt financing:** Going into debt by borrowing money from another person, bank, or financial institution. **be paid back over time.**

**Equity financing:** Giving ownership shares in the business to outside investors in return for capital. **does not need to be paid back.**

**Venture capitalists:** Companies and individuals that make investments in new ventures in exchange for ownership. **They focus on large investments over millions.**

## Chapter 8

### Why and How managers Plan

**Planning:** It sets the stage for the others by providing a sense of direction. It should focus on defining the organization's mission and goals that are specific results or desired outcomes.

#### The planning process

1. **Define your objectives:** Identify desired outcomes or results in very specific ways.
2. **Determine where you stand vis-à-vis objectives:** Evaluate current accomplishments relative to desired results.
3. **Develop premises regarding future conditions:** Anticipate future events. Generate alternative "scenarios" for what may happen.
4. **Analyze alternatives and make a plan:** List and evaluate possible actions. Choose the alternative most likely to accomplish your objectives.
5. **Implement the plan and evaluate results:** Take action and carefully measure your progress against objectives.

**Planning and Controlling** work closely together in the management process. Without **planning**, the organization lacks objectives and standard for measuring how things are going and identifying what could be done to make them go better. Without **control**, planning lacks the follow-through necessary to ensure that things work out as planned.

### Types of plans used by managers

#### Strategic and Tactical Plans

**Strategic plans:** Focused on the organization as a whole or a major component. They are long-term plans that set broad action directions and create a frame of reference for allocating resources to achieve maximum performance impact.

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**Tactical plans:** Developed and used to implement strategic plans. Resources can be used to put strategies into actions.

**Functional plans:** Shows how different components of the enterprise will contribute to the overall strategy.

- Production plans: work methods and technologies.
- Financial plans: money and capital investments.
- Facilities plans: physical space and work layouts.
- Logistic plans: suppliers and acquiring resource inputs.
- Marketing plans: selling and distributing goods or services.
- Human resource plans: building a talented workforce.

### Planning tools and techniques

**Contingency planning:** Identifying alternative courses of action that can be implemented if circumstances change. Good plan will even contain "trigger points" to indicate when to activate preselected alternatives.

**Scenario planning:** Long-term version of contingency planning, identifying several possible future scenarios or states of affairs and then making plans to deal with each scenario should it actually occur.

**Benchmarking:** Use of external and internal comparisons to better evaluate current performance and identify possible ways to improve for the future.

### Implementing Plans to Achieve Results

**Participatory planning:** Includes in all planning steps the people who will be affected by the plans and asks them to help implement them. This power of participation is unlocked when people who are involved in the process gain commitment to work hard and support the implementation of plans.

## Chapter 10

### Strategic Management

**Competitive advantage:** organization's ability to perform better than the competition.

- **Technology:** Operating efficiencies, market exposure, customer loyalty.
- **Cost and quality:** Greater efficiency and product or service quality.
- **Knowledge and speed:** innovation and speed of delivery to market for new ideas.
- **Barriers to entry:** Stronghold that is protected from entry by others.
- **Financial resources:** having better investments or loss absorption potential than competitors.

**Business Strategy:** Sets the direction for a single business unit or product line. "How are we going to compete for customers in this industry and market?"

**Functional strategy:** Guides the use of organizational resources to implement business strategy. "How can we best utilize resources within a function to implement our business strategy?"

**Strategic Management:** Formulating and implementing strategies to accomplish long-term goals and sustain competitive advantage.

### Essentials of Strategic Analysis

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**Mission:** Often called purpose, it describes its reason for existence in the society.

**Core values:** Broad beliefs about what is or is not appropriate behaviour. "Most people want things, but don't"

**Operating objectives:** Direct activities toward key performance areas.

- **Profitability:** Net profit.
- **Sustainability:** Preserve, not exploit, the environment.
- **Social responsibility:** Good community citizen.
- **Financial health:** earning positive returns.
- **Cost efficiency:** Use resource well to operate at low cost.
- **Customer service:** Customer needs and maintaining loyalty.
- **Product quality:** High-quality goods or services.
- **Market share:** Gaining a specific share of possible customers.
- **Human Capacity:** Maintaining a high quality workforce.
- **Innovation:** New products and processes.

### Corporate level Strategy Formulation

**BCG matrix:** More complicated models of strategic portfolio planning are available. Widely a understood foundation for understanding the portfolio planning approach to strategic resource allocation decisions.

#### Global Strategies

**Transaction strategy:** Firm trying to operate without a strong national identity and blend sea with the global economy.

**Cost Leadership Strategy:** Seeks competitive advantage by operating with lower costs than competitors. Make profit selling products or services at low prices their competitors cannot

**Focus cost leadership:** Offers low prices to attract budget travelers. They still make profit by costs low.

## Chapter 11

### Organizing as a management function

**Organization structure:** System or tasks, workflows, reporting relationships, and communication channels that connect the work and activities of diverse individuals and groups within a firm

#### Traditional Organization Structures

**Geographical Structures:** Area Structures, group jobs and activities being performed in the location. They are typically used to differentiate products or services in various locations, s different parts of a country.

**Matrix Structures:** Combines functional and divisional structures. To gain advantages and a disadvantage or each.

#### Horizontal Organization Structures

**Team Structures:** Extensive use of both permanent and temporary teams to solve problem special projects and accomplish day-to-day tasks

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- **Cross functional teams:** Composed of members drawn from different areas of work  
The intention of team structures is to break down functional silos, foster horizontal communication, and create faster decision-making at the levels where work gets done.

### **TEAM STRUCTURE ADVANTAGE AND DISADVANTAGE:**

- **Advantage:** It helps to break down interpersonal barriers and mobilize diverse talent
- **Disadvantage:** Conflicting loyalties for members with both team and functional assignments  
issues of time management and group process.

**Network Structure:** Have a central core of full-time employees surrounded by "networks" of contractors and partners supplying essential services.

**Boundaryless organization:** Eliminates many internal subsystem boundaries as well as boundaries with the external environment. Combination of the team and network structures, with the added "temporariness"

**Virtual Organization:** Take the boundaryless concept to the extreme. It operates as shifting alliances that are engaged as needed using mobile IT solutions.

### Organization Design

**Organization design:** The process of choosing and implementing structure to accomplish an organization's mission and objectives.

**Bureaucracy:** Organization based on logic, order, and the legitimate use of formal authority  
vertical structure.

**Organic designs:** Horizontal structures that operate with decentralized authority, fewer rules and procedures, less precise division of labour wider spans of control, and more personal means of coordination.

**Delegation:** Process of entrusting work to others by giving them the right to make decisions and take action.

### **Decentralization with Centralization**

**Decentralization:** The decision to operate one way or another is a strategic choice.

**Centralization:** Decisions be made at the top levels or an organization.

## Chapter 14

### The Nature of Leadership

**Leadership:** The process of inspiring others to work hard to accomplish important tasks.

**Power:** The ability to get others to do something you want done, or to make things happen the way you want.

**Coercive power:** Ability to achieve influence through punishment. Capacity to punish or withhold positive outcomes to influence others' behaviour. Such as threatening with verbal reprimands, penalties, and even termination.

**Expert Power:** Ability to achieve influence through special skills, knowledge, and reputation. Others follow because of expertise and a high-performance reputation.

Human capital: Ability to get things done based on expertise, knowledge, and reputation.

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- **Human capital:** Ability to get things done based on what we know and can do.

**Information and networking power:** Ability to achieve influence through access to information contacts with other people. Capacity to influence others due to centrality in information flow networks, therefore being a trusted source.

- **Social Capital:** The ability to get things done based on who you know.

**Referent power:** The ability to achieve influence through identification. Capacity to influence behaviour because of their admiration and their desire for positive identification with you.

### **Leadership, Vision and Service**

**Visionary Leadership:** Describes the behaviours of leaders who offer a clear and compelling future, as well as an understanding of the actions needed to get there successfully

**Servant Leadership:** Based on serving others and helping them fully use their talents so that organizations benefit society. "Other-centered" and not "self-centered"

### Leadership Traits and Behaviours

**Autocratic style:** Emphasizes task over people, retains authority and information, and acts unilateral, command-and-control fashion.

### Personal Leadership Development

**Charismatic leaders:** They have the ability to inspire others in exceptional ways.

**Transformational leadership:** Transformational leaders as using their personalities character insight to inspire followers. Get others so excited and get them to strive for extraordinary accomplishments.

**Moral Leadership:** Ethical standard that clearly meet the test of being "good" and "correct" begins with personal integrity, a concept fundamental to the notion of transformational leadership

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