

LAUNCHING THE VENTURE

ORGANIZATIONAL GOALS

- Goals are outcomes or end results that are desired by individuals, groups, or organizations
- They provide targets that all organizational members work toward meeting
- They serve to direct the entrepreneur and other organizational members toward common and unified end
- The organization's vision can and should be guiding force in every decision as goals are developed and pursued

PURPOSE OF GOALS

- Goals direct entrepreneur and other organizational members toward a common and unified organizational purpose
- Provide targets organizational members may be motivated to work toward accomplishing
- Serve as criteria against which work accomplishments and performance are measured

TYPES OF GOALS



BREADTH

- It covers how broad or narrow the organizational goals are
- Organizational goals are the ones that establish broad purposes, apply to the entire entrepreneurial venture, and seek to position the venture successfully in terms of its environment.
- It is broad in nature and tend to encompass the entire spectrum of what the entrepreneurial venture hopes to accomplish
- Operational goals are the ones that specify details associated with accomplishing the organisation-wide goals
- They are much narrower in focus and serve to divide the organization-wide goals into more specific targets

TIME FRAME

- It covers long-term and short-term goals
- Long term goals are ones with a time frame beyond three years
- Long term goals provide a coherent and unified future target for the entrepreneurial venture
- Short term goals are ones that cover one year or less
- Accomplishments of these short term goals contributes to the accomplishment of the long term goals
- It's important to accomplish short term goals in order to reach the long term goals

SPECIFICITY

- Specific goals are ones that are clearly defined and leave no room for interpretation
- There's no ambiguity and no problem with misunderstanding what is intended to be accomplished
- Drawbacks of specific goals are they require clarity and a sense of predictability that do not exist in entrepreneurial venture
- When uncertainty is high, decision makers must be flexible in order to respond to unexpected changes, it is better to use directional goals
- Directional goals are flexible enough to provide focus and general guidelines but do not lock entrepreneurs into specific courses of action
- Flexibility of directional goals must be weighed against the loss of clarity provided by specific ones

ORGANIZATIONAL WORK AREAS

- Most common organizational work areas include technology and operation methods, marketing and financial
- Therefore, an entrepreneur would want to set technology and operation goals, marketing goals and financial goals
- Entrepreneurs should establish goals for the particular types of work activity that characterize their entrepreneurial ventures
- These goals should reflect the specialized work that is done

Characteristics of Well-Written Goals:

- Written in terms of outcomes rather than actions.
- Measurable and quantifiable.
- Clear as to time frame.
- Challenging yet attainable.
- Well-written goals are written down.
- Communicated to all organizational members.

The Goal Setting Process:

STEPS:

- Review the organizational vision and mission.
- Evaluate available resources.
- Determine board, long-term organization-wide goals.
- Write down the organization-wide goals.
- Determine specific, short term operational goals.
- Write down the operational goals.
- Review results.

➤ Review the organizational vision and mission:

These broad statements of the entrepreneurial ventures purpose and what it hopes to accomplish provide overall guide to what the entrepreneur and other organizational members think is important.

➤ Evaluate available resources :

You wouldn't want to set goals that are impossible to achieve given your available resources. Even though goal should be challenging they should also be realistic.

- Determine Broad, Long-term organization-wide goals:

In order these organization wide goals to provide an entrepreneur

With sense of what the overall entrepreneurial to venture hopes to achieve. There should be measureable and indicate a time frame.

- Write down the organization-wide goals:

- You already know the why written goals are important.

- Write down the operational goals:

- Review the results:

Review results and whether goals are being met.
Make changes needed.

Organizational Strategies:

- Specific strategies needs to be developed so the ventures long term organization wide goals and the short term operational goals can be achieved.
- They play an important role in how well the entrepreneurial venture ultimately performs.
- They are important to develop because they provide the “hows” of goal achievement.
- The goals and strategies must be coordinated with each other for the venture to be successful.
- As we’ve many times, the organizational vision and mission statements provide a broad overview of what entrepreneurial ventures is going to do and how it’s going to do it.

- Using vision and mission statements as guide, organizational-wide goals developed.
- If the strategic are effective the operational goals are achieved. As these operational goals are achieved.
- The whole process links the ventures vision/mission ,goals, and strategies. using our previous examples of an organization-wide goals of achieving a to percent market share.
- The strategies are the ways organizational goals are pursued and ultimately achieved.

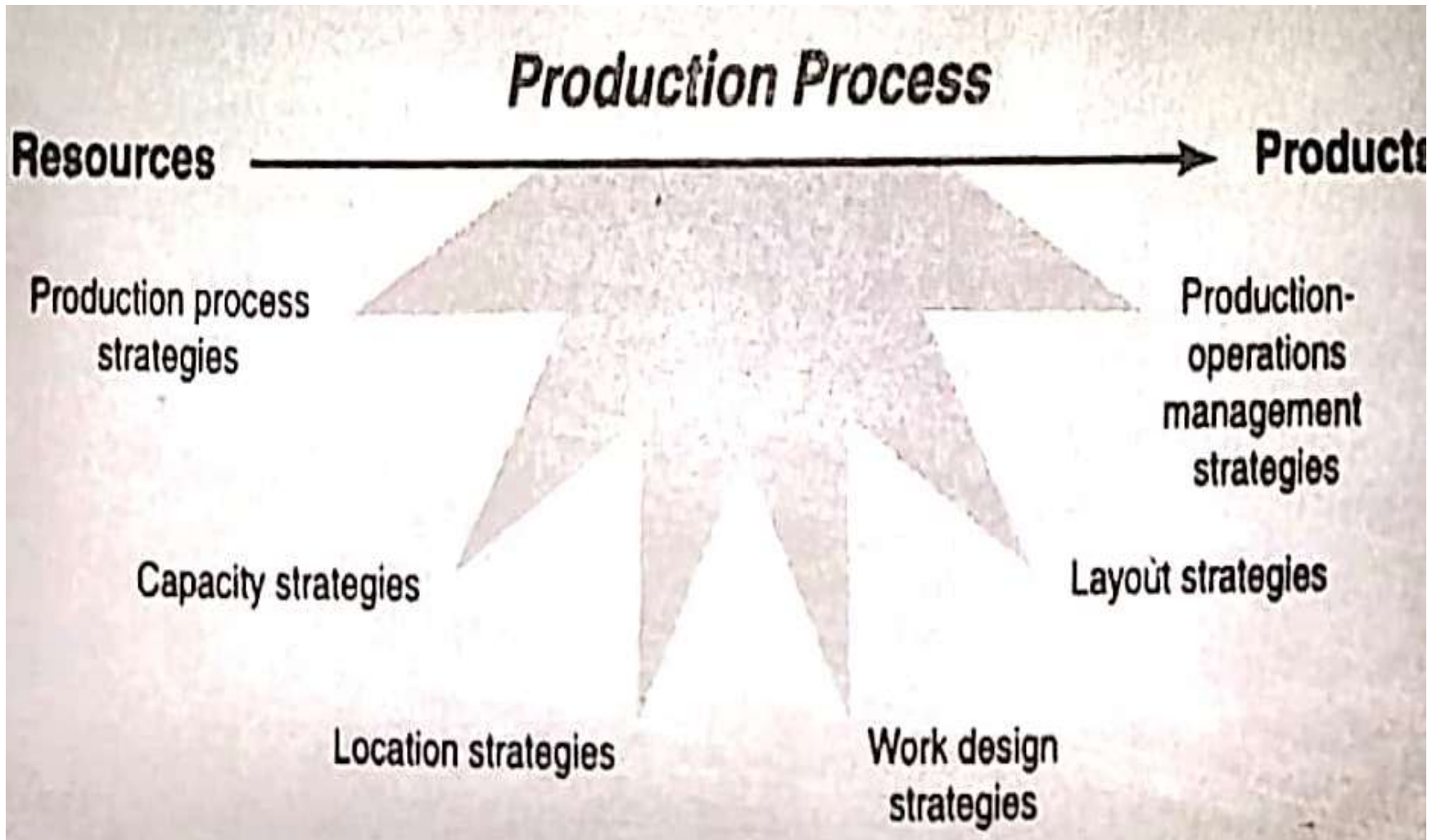
Eg: Food store Debra's Natural government in Concord.

DESIGNING THE VENTURE'S PRODUCTION AND OPERATIONS MANAGEMENT FUNCTION

- The process of creating the products in the organizational inputs are transformed into outputs is called production.
- The production process used to create physical products is fairly obvious.
- Transforms activities used to create the services and products.

OPERATIONS MANAGEMENT AND TECHNOLOGY STRATEGIES

- Production process strategies
- Capacity strategies
- Location strategies
- Work design strategies
- Layout strategies
- Operation management strategies



Technology and operations strategies for entrepreneurial ventures

PRODUCTION PROCESS STRATEGIES

- The decision about production process strategy focuses on the approach that the entrepreneurial venture will use transform resources into goods and services.
- The goals of your production process strategy is to findway to produce your products or services so that they meet customer expectations in light of cost and other organizational constraints.
- The type of process strategy you choose will have long term effect on how efficient your production activities are as well as the flexibility , cost and the of the products yours producing.

PRODUCTION PROCESS STRATEGIES

- The process-focused strategy
- The product-focused strategy
- The repetitive-focused strategy

THE PROCESS-FOCUSED STRATEGY

- It is the organization technology and the operation methods are organized around the process necessary to produce a customized product or services.
- In this strategy entrepreneur producing the high variety , low volume products such as gourmet meals, specialized print jobs , or custom designed web pages.
- In this strategy the most important production decision are focused on the actual process used in the producing the custom-made, specialized products.

THE PRODUCT – FOCUSED STRATEGY

- It is the organization technology and the operation methods are organized around the product and services.
- In this strategy entrepreneur producing the low variety , high volume products examples: computer chips , potato chips or wood chips.
- In this strategy the most important production decision are focused on the actual product , not on the process used to make them.
- The production process would not be complex because the products being produced are not complex.

THE REPETITIVE-FOCUSED STRATEGY

- This strategy is between process and product focused strategy.
- In this production approach , standardized components parts , typically called modules, are used to assemble standardized products.
- Here the customizing the product is more than the product focused strategy, but not much as the process focused strategy.
- Example: Assembly line on which motorcycles are produced to customer specification using standardized components parts.

CAPACITY STRATEGIES

- The capacity is the maximum possible output of an organization in a given time period.
- Capacity influences how much physical space and how much equipment will be needed to produce the desired number of products.
- Some strategies decision associated with determining the appropriate production capacity demands and management and capacity management.

DEMAND MANAGEMENT

- Strategies such as staffing changes, adjusting equipment , improving work methods to be more efficient or redesigning the products so more can be produced.
- We need to consider whether the managing demand is seasonal demands for your ventures products.
- Capacity is to expand during the high demand and shrink during the non seasonal period.
- This are important for the entrepreneur who is considering the demand management strategies to also consider strategies for managing capacity.

CAPACITY MANAGEMENT

- Capacity management involves decision about how to effectively and efficiently use the current facilities and equipment.
- It involves the break even point, to make sure venture have enough capacity to support the production level necessary to reach the break even point.
- Paying for excess capacity and equipment would not be wise of an entrepreneurial ventures often limited sources.
- the part of the capacitive management strategies may involves forecasting future capacity requirements in to ensure that facilities and equipments are available when they are needed.

LOCATION STRATEGIES

- One of the most important technology and operations decision for entrepreneur is where to locate.
- One has to decide whether to operate entrepreneurial venture out off your home or from another location.
- Because the choice of location significantly influence cost and revenues, the objective of your location strategy should be maximize the benefits and minimize the cost of locating in a particular area.

- Its important consider
 - labour cost and available ,
 - proximity to needed raw materials and suppliers,
 - proximity markets,
 - state and local government policies and regulations,
 - environmental regulations,
 - availability and cost of utilities,
 - site cost,
 - transportation availability,
 - and quality of life issues.

WORK STRATEGIES

- Strategies are important to the technology and operations methods of the entrepreneurial venture
- They address the way entrepreneurial venture's going to be done.
- The common work design strategies that entrepreneurs choose involves are
 1. Job Specialization
 2. Job Enrichment
 3. Job Enlargement
 4. Work Methods
 5. Motivation and Incentive Systems

LAYOUT STRATEGIES

- Fixed Position Layout:

The product remains strategies and requires and equipment to come to the work.

- Process Oriented Layout:

It is appropriate for low volume high variety products for which the focus is on the process being used to create the product.

- Office Layout:

Position workers, equipment and office space to provide for movement of information.

Continued....

- Retail Layout:

Arranges people and equipment according to the customers needs and behavior.

- Warehouse Layout:

The optimal trade off between product-handling cost and warehouse space.

- Product Layout:

Organized around a product of similar high volume, low variety products.

IMPORTANT ROLE OF QUALITY

- Quality is important to organization, especially entrepreneurial ones.
- Many experts believe that organization do not produce high quality products Will be unable to compete successful in the global market place.
- Quality as the ability of a product to reliable do what it's supposed to do and to satisfy customers expectations.
- Total Quality Management (TQM) is a philosophy of management is driven by customer needs and expectations and focuses on continual improvement in the way employees do their work.

SIX CHARACTERISTICS OF TQM

- Intense focus on customers
- Concern for continual improvement
- Process focus
- Improvement in the quality of everything the organization does
- Accurate measurements
- Empowerment of employees

ESTABLISHING THE VENTURES MARKETING FUNTION

- Marketing is defined as a process of assessing and meeting individuals or groups wants and needs by creating ,offering and exchanging products of values.
- The two biggest factors in marketing are the two Cs- customers and competitions.
- The main marketing strategies are
 1. Segmentation or target market selection
 2. Differentiation
 3. Marketing mix

Segmentation or target market selection

- As an entrepreneur research the feasibility of the venture and prepares the business plan, he or she must think about who will buy the organisations products.
- Who are these people ? Every market consists of potential or actual customers who may differ in one or more ways.
- These differences can be used to segment a market.
- Market segments are large, identifiable groups within a market.

- If entrepreneurs choose to segment their market , they can select from several different segmentation variables includes
 1. **Geographic** - region , city or metropolitan area, population density , and climate
 2. **Demographic**- age , gender , family ,size , family lifecycle, income, occupation, education, religion, race and nationality
 3. **Psychographic** - social class, life style ,attitudes towards various societal situations and personality
 4. **Behavioural**- occasion of product use , benefits, user status ,usage rate ,loyalty status ,readiness to purchase and attitudes product

- If the venture sells products are service to the business market rather than the consumer market.
- The major approaches to segmentation these markets include
 1. Demographic - industry type ,company size and location.
 2. Operating variables - technology ,non user status, customer capabilities.
 3. Purchasing approaches - purchasing department, power structure ,nature of exciting relationships , general purchasing polices ,and purchasing criteria
 4. Situational factors- urgency ,specific applications ,and size of order
 5. Personal characteristics- buyer-tailor similarity, attitudes toward risk ,and loyalty

Target market selection can use one of five possible approaches :

1. **Single segment** concentration is when the entrepreneur selects a single segment (out of all possible segment) to target.
2. **Selective specialisation** is when the entrepreneur chooses to serve a number of equally attractive and appropriate segment that have a little or common characteristics.
3. The **producer specialisation** strategy one in which the entrepreneur venture concentrates on a making a certain products that's sold to several segment.
4. In the **market specialisation** strategy, the organisation serves many needs of particular segment or a customer group.
5. The **full market coverage** strategy means that the entrepreneur curial ventures attempting to serve all customer groups (segments) with all the product might need or desire.

Differentiation strategies

- Differentiation is the most direct means to success.
- Because the vast majority of marketing takes place in competitive markets.
- Entrepreneur most look for ways to differentiate their products from competitors.
- Four basic differentiation strategies had been identified:
 1. Differentiation the product itself by emphasising features, performance, conformance, durability, reliability, reparability, style and design.

2. Differentiating on the basis of service offered such as delivery, installation, customer training, consulting service, repair and other miscellaneous factors .

For example: Harlan J . Hall ,CEO of the SALT group , a tax consulting business in Kerrville , taxes it holds free tax seminar for potential customer at different location of the wells Fargo bank Texas N.A. SALT benefits from wells Fargo's name recognition and gets of free space to hold seminars. The bank gets increased business traffic.

3. Differentiating by personal because of their competency, courtesy, credibility, reliability ,responsiveness, communication ability.

4. Differentiating by image through written by audio visual media, through atmosphere feature such as building design , interior design , layout , colours ,or furnishing or through sponsored events or causes.

- For example unemployment agency team 2000 staffing service is faced with formidable competition.
- To differentiate itself , CEO Keith Stevens decided to purchase a used Winnebago recreational vehicle (RV) go to where the workers were.
- Team 2000's employees drive the Winnebago to parking lots give away free food or sports bottle and take application write their in the RV.
- In fact team 2000 as another interpretation for RV-recruitment vehicle .
- The company still marks monthly recruiting trips ground the city and an employee drives the RV ground town once a week to “raise visibility”.
- Although the choice of differentiation strategy in obviously an important one , their more for the entrepreneur to decide .that “more” is the marketing mix strategies.

The marketing mix in marketing strategy:

Product, price, place and promotion. The marketing mix is the set of controllable, tactical marketing tools that a company uses to produce a desired response from its target market. It consists of everything that a company can do to influence demand for its product.

TYPES OF MARKETING MIX STRATEGY

- 4 P'S OF MARKETING MIX
 - Product marketing mix
 - Price marketing mix
 - Promotion marketing mix
 - Place marketing mix

Mix Marketing Tools

Each of the four Ps has its own tools to contribute to the marketing mix

- Product: variety, quality, design, features, brand name, packaging, services
- Price: list price, discounts, allowance, payment period, credit terms
- Place: channels, coverage, assortments, locations, inventory, transportation, logistics
- Promotion: advertising, personal selling, sales promotion, public relations

PRODUCT MIX STRATEGY

- Product mix, also known as product assortment, refers to the total number of product lines a company offers to its customers.
- For example, your company may sell multiple lines of products. The four dimensions to a company's product mix include width, length, depth and consistency.
- Product strategy also involves use of brand names, brand sponsor, and what type of brand strategy to pursue, packaging and labeling decisions.
- Once the product is on the market, there concern is on managing the various stages in the product life cycle(PLC).

PRICING MIX STRATEGY

- Pricing strategy refers to method companies use to price their products or services.
- Almost all companies, large or small, base the price of their products and services on production, labor and advertising expenses and then add on a certain percentage so they can make a profit.
- It is influenced by the customers demands for the product, costs of producing and marketing the product and competitors prices.

- Different pricing strategies are

- Markup pricing
- Target return pricing
- Perceived- value pricing
- Value pricing
- Going – rate pricing
- Sealed bid pricing

- Other pricing strategies are

- Geographical pricing
- Price discounts and allowances
- Promotional pricing
- Product mix pricing

PROMOTION MIX STRATEGY

- The Promotion Mix refers to the blend of several promotional tools used by the business to create, maintain and increase the demand for goods and services.
- The Promotion Mix is the integration of
 - Advertising
 - Personal Selling
 - Sales Promotion
 - Public Relations
 - Direct Marketing

PLACE STRATEGY

- Place strategy plays a fundamental role in the marketing mix of a product or service.
- Place strategy outlines how and where a company will place its products and services in an attempt to gain market share and consumer purchases.
- Strategic choices involve **type** of intermediary to use, and **number** of intermediary to use
- Different pricing strategies are
 - Market logistics
 - Inventory
 - Transportation modes/ carriers

Designing the ventures information systems.

Information system:

A set of interrelated components used to collect ,process ,store and disseminate information to support decisions making ,analysis and control in organizations.

Information system strategies for entrepreneurial ventures

System technology

- Manual
- Computer based

Types of information system

- Transaction processing system
- Office automation system
- Knowledge work system
- Management information system
- Decision support system
- Executive support system

System Technology

The choice of system technology is actually simple – the information system can be either manual or computer – based.

- Manual system:

- Uses simple pencil and paper technology to collect , store , process and disseminate information.

- A computer based system relies on computer hardware and software to do the same.

- It approaches an entrepreneur chooses to use depends on how important the collection and manipulation of information is to effectively and efficiently running the business.

Computer-Based system:

- As prices of computer based system continue to fall and computing power continues to rise , many entrepreneurial ventures have chosen a computer based information system.
- It is easy to access to information and the more sophisticated analyses that can be done with information.
- For example:

Bob Shallenberger, an oriented rug retailer from St. Louis , invested in a computer system that gives him customized information on inventory , customers , finances and suppliers. He says “ It’s wholly empowering . We’re in the game now.”

Types of information system

➤ **Transaction processing system : TPS**

This type of information system tracks day-to-day work being completed in various work areas such as payroll, sales tracking or production scheduling.

➤ **Office automation system : OAS**

It includes any of the organization's paper-works such as letters, invoices, press releases, newsletters, schedules and so forth.

This type of information gathering and exchange is done through word processing ,electronic mail and desktop publishing software.

➤ **Knowledge based system : KBS**

It is used by organization's knowledge workers (engineers, designers & so fourth)

It provides ways to promote and use knowledge and innovations in the organization through elements such as product design graphics, legal data base searches or financial data analysis.

➤ **Management information system : MIS**

Used by an organization's managers for planning, controlling and decision making.

It summarizes and reports the organization's work activities but differs from TPS.

➤ **Decision support system : DSS**

It allows for powerful data analysis and allows decision makers to change assumptions and information to see what impact these changes have on outcomes.

➤ **Executive support system : ESS**

It is used by an organization's upper level managers to aid in making unstructured, comprehensive, board and complex decisions.

Establishing the venture's financial and accounting systems

□ Evaluating financial performance :

- What type of analysis ?
- How often to analyze?
- How much analysis?

□ Financial forecasting, planning and budgeting :

- What type of forecast ?
- How often to forecast?

□ Finance mix :

- Short term v/s long term funding sources.
- Permanent or temporary sources.

□ Other financial management decisions :

- Capital budgeting.
- Stock dividend policy.
- Cash flow management.
- Cash and marketable securities management.
- Accounts receivable and inventory management.
- Term loans or leases.