

Contents

Introduction	1
chapter 1: The Nature of Entrepreneurship	2
1.1 INTRODUCTION.....	2
1.2 Historical Origin of Entrepreneurship	2
1.3 Definitions of Entrepreneurship and Entrepreneur	3
1.4 Types of Entrepreneurs.....	5
1.5 Role of Entrepreneurs in Economic Development.....	6
1.6 Entrepreneurial Competence and Environment	8
1.6.1 Entrepreneurial Mindset.....	8
1.6.2 Entrepreneurship and Environment	22
1.7 Creativity, Innovation and Entrepreneurship	26
1.7.1 Creativity.....	26
1.7.2 Innovation	27
1.7.3 From Creativity to Entrepreneurship	29
1.8 Summary.....	29
1.9 Review Questions.....	30
Chapter 2: Business Planning	32
2.1 INTRODUCTION	32
2.2 Opportunity Identification and Evaluation	32
2.3 Business Idea Development	35
2.4 Business Idea Identification.....	37
2.4.1 The Need will Your Business Fulfill for the Customers.....	37
2.4.2 Good or Service will your Business Sell	38
2.4.3 Identifies Potential Customer	39
2.4.4 Strategy for Selling Goods or Services/ How is Your Business Going to Sell Good or Services?	40
2.4.5 Relation between Business and Environment	40
2.5 Methods for Generating Business Ideas	41
2.6 Business Idea Screening.....	51
2.7 Concept of Business Plan	53
2.8 Developing a Business Plan.....	54
2.8.1 Business Planning Process	54

2.8.2 Essential Components of Business Plan	56
2.9 Sample Business plan Format	58
2.10 Summary	63
2.11 Review Questions	64
CHAPTER 3: BUSINESS FORMATION	65
3.1 INTRODUCTION	65
3.2 The Concept of Small Business Development	65
3.3 Forms of Business (A Short Explanation)	66
3.4 Definition and Role/Importance of MSEs in Developing Countries	68
3.4.1 Definition of MSEs	68
3.4.2 Role/Importance of MSEs in Developing Countries	70
3.5 Setting up Small Scale Business	75
3.6 Small Business Failure and Success Factors	79
3.6.1 Small Business Failure Factors	79
3.6.2 Small Business Success Factors	82
3.7 Classification of Enterprises in Ethiopian Context	73
3.8 Main Supporting Packages for MSEs Development in Ethiopia	85
3.9 Problems of Small Scale Business in Ethiopia	85
3.10 Organizational Structure and Entrepreneurial Team Formation	86
3.10.1 Introduction	86
3.10.2 Designing the Organization	86
3.10.3 Building the Management Team and a Successful Organization Culture	88
3.11 Chapter Summary	90
3.12 Questions for Review and Discussions	91
CHAPTER 4: PRODUCT/SERVICE DEVELOPMENT	92
4.1 INTRODUCTION	92
4.2 The Concept of Product/Service Technology	92
4.3 Product/Service Development Process	93
4.4 Legal and Regulatory Frameworks for Entrepreneurs	98
4.5 Intellectual Property Protection/Product/Service Protection	98
4.5.1 What is Intellectual Property?	98
4.5.2 Patents	98
4.5.3 Trademarks	99
4.5.4 Copyrights	100

4.6 The Intellectual Property System in Ethiopia	100
4.7 Chapter Summary.....	103
4.8 Questions for Review and Discussions	104
CHAPTER 5: MARKETING.....	105
5.1 INTRODUCTION.....	105
5.2 Meaning and Definitions of Marketing	106
5.3 Core Concepts of Marketing	107
5.3.1 Needs, Wants and Demand	107
5.4 Importance of Marketing	108
5.5 Marketing Philosophies	110
5.6 Marketing Information Systems.....	113
5.6.1 Marketing Research	114
5.6.2 Marketing Intelligence	117
5.6.3 Competitive Analysis.....	118
5.7 The Marketing Mix Strategy.....	120
5.7.1 The 4 P's Of Marketing/The Marketing Mix	120
5.7.2 What Is Marketing Strategy?.....	121
5.8 Selling and of Customer Service.....	125
5.8.1 The Concept of Service	125
5.8.2 The Concept of Customer	126
5.8.3 Strategic Activities needed for Quality Customer Service Delivery	126
5.8.4 Customer Handling and Satisfaction.....	126
5.9 Chapter Summary.....	129
5.10 Review Questions	130
CHAPTER 6: BUSINESS FINANCING.....	132
6.1 INTRODUCTION.....	132
6.2 Financial Requirements	132
6.3 Sources of Financing	134
6.3.1 Internal Sources (Equity capital)	134
6.3.2 External Sources (Debt capital).....	136
6.4 Lease Financing.....	141
6.4.1 Types of Lease.....	141
6.5 Traditional Financing in Ethiopian (Equib/Edir, Etc.)	143
6.6 Crowd Funding.....	145

6.6.1 How is Crowd Funding Different?	145
6.6.2 The Benefits of Crowd funding	146
6.6.3 Types of Crowd Funding	147
6.7 Micro Finances.....	147
6.7.1 What is Micro Finance?	147
6.7.2 Importance of MFIs	148
6.7.3 Micro Finances in Ethiopia	149
6.8 Chapter Summary	150
6.9 Review Questions	151
CHAPTER 7 MANAGING GROWTH AND TRANSITION.....	153
7.1 INTRODUCTION.....	153
7.2 Timmons Model of Entrepreneurship	153
7.3 New Venture Expansion Strategies	156
7.3.1 Introduction	156
7.3.2 Methods of Growth.....	157
7.3.3 The Ansoff Matrix – Growth Strategy.....	158
7.3.3.1 Selecting a Product-Market Growth Strategy	159
7.3.4 Expansion Issues.....	161
7.3.5 Choosing not to Grow.....	164
7.4 Business Ethics and Social Responsibility	164
7.4.1 Introduction	164
7.4.2 Three Approaches to Corporate Responsibility	165
7.4.3 Business Ethics Principles.....	172
7.5 Summary	174
7.6 Review Questions	175