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Toolkit—Tools to Assist in Making the Move into Entrepreneurship

6.1 Introduction

Continuing with the co-sensing idea of ‘connecting with people and ideas to learn more about how things work’, entrepreneurs need to act quickly and continuously. But first, as entrepreneurs, we need to know what we are going to do, what to start with, and what to do next. We need to plan our priorities. Although a lengthy business plan does not guarantee that the business will succeed, it is important to have a clear outline of its vision and action steps. This is where it helps to create a business model canvas. This chapter describes aspects relating to the SHAPE Four-Quadrant Business Model Canvas and shows how we can put our ideas into entrepreneurial action.

6.2 Strategy

Business strategy is the art of deciding when the company will do what and which part of the organisation should be involved in its various activities. A strategy is mostly concerned with the new initiatives undertaken to improve the market share and growth of the business.

Most businesses revise their strategy regularly, annually, or quarterly, or perhaps even monthly, depending on the type of business. This involves some type of strategic review. A strategic review looks at results achieved in the previous period and designs high-level plans to address the next review period.

Most strategy systems recognise that strategy changes happen more frequently than annually and that plans need to be refined regularly in response to the possible rapid changes in the business environment. The COVID-19 pandemic is a good example of the need to re-strategise when occasion demands it.

Businesses often document the outcomes of their strategy processes as a strategic plan.

6.3 Innovation

A business that stagnates or fails to innovate (fails to think in a fresh way about their product, service, markets, etc.) will eventually be replaced by businesses that innovate and change with the times.

It is tempting to think that a business can continue to innovate indefinitely, but as the business matures, innovation tends to become more expensive with a smaller impact on growth. This is called the business lifecycle.

Innovation is about finding new and more productive ways of interrelating all aspects of the business and may involve looking for:

- new markets
- new products
- new production methods
- new management methods
- new business models; and
- faster processes.

Innovation-driven enterprises create more jobs than enterprises that are not innovation-oriented. By constantly seeking socio-economic value propositions and exceptional customer value, businesses can create major

transformations over time. Larger companies that constantly innovate can create exceptional value for their shareholders, especially if they have investment capital that can ‘change the game’.

The Internet as a business tool is a good example of innovation in business. Entrepreneurs lead busy lives, but Fig. 6.1 (derived from an online search and not validated in any scholarly literature) demonstrates what happens in only one minute on the Internet.

Whatever business we see ourselves starting, it is highly likely to use the Internet. The Internet provides both ideas and opportunities to create new businesses that may not have been thought of before.



Fig. 6.1 What happens in an internet minute (Source Lori Lewis via AllAccess)

6.4 Developing a Business Model

When a business starts, it needs a product, a customer, and a business model that shows how the business will operate. Initially, all of these points may be unknown. We may not know yet if there is a market for our idea. We may not have the necessary partnerships, platforms, and systems to support any of this. In developing a business plan, the SHAPE Business Model Canvas (BMC) is a great tool to help us think through every aspect of the nascent business idea.

Businesses work well when we can find and service a large customer group or market that has similar needs and these customers seek a product that is similar to that supplied by our business; when we use an effective sales pitch and convince these customers to buy from us; when delighted customers promote our business by word of mouth; and when we can mobilise the needed resources.

To make all of this work, it's a good idea to register on social media such as Facebook or Google Ads right from the start and use catchy posts to build a big following that, over time, will translate into real profits.

6.5 The SHAPE Four-Quadrant Business Model Canvas

The SHAPE Four-Quadrant BMC is a strategic management tool for quickly and easily defining and communicating a business idea or concept. It is built on a business model canvas that Thea van der Westhuizen has used in mentoring and training sessions for young entrepreneurs over eight years (Fig. 6.2).

The SHAPE Four-Quadrant BMC is a one-page document that works through the fundamental elements of a business or product to give it a coherent structure. It sets out how the business intends to create and deliver value economically, socially, and culturally.

Entrepreneurs have found it useful because it gives the general structure of a business plan without going into too much detail. For this reason, it is sometimes called the 20-minute business plan. It also helps

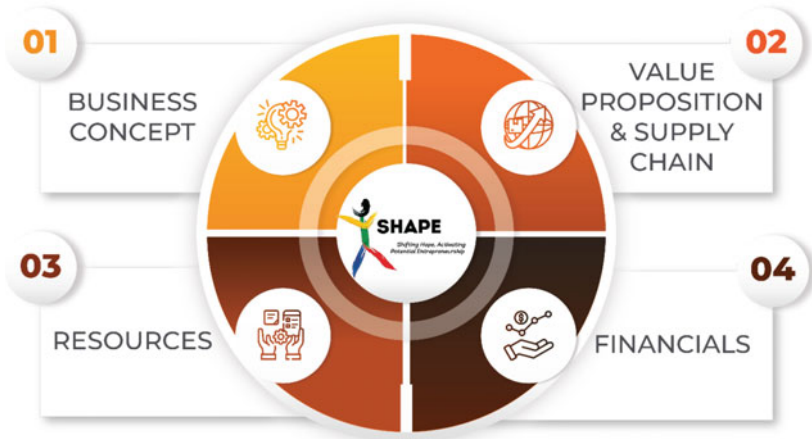


Fig. 6.2 The SHAPE Four-Quadrant Business Model Canvas (Source Van der Westhuizen, 2022)

to identify potential strengths and weaknesses in a business at an early stage so that the necessary corrections can be made.

We can put our product together using a tool such as the SHAPE BMC. Over seven years, Thea van der Westhuizen has mentored several hundred student entrepreneurs in the SHAPE social technology that has helped them explore the best ways to map out a business. The SHAPE canvas is not a replacement for the traditional business plan, but it is a good way to map out the business in simple, easy-to-understand terms.

Any business aims to put a product or service on the market; at this stage of developing the business model, experimenting and learning are essential to a company's development. By testing our ideas with our customers and analysing this data to get validation of our assumptions, we can build a business based on learning from our customers and validating their needs.

Riaan Steenberg recommends that before we even start trying to sell anything, we should speak to at least eighty people about our product without expecting them to buy it. This is likely to refine our idea of the product and our idea of what people want and expect. It will also give us better insight into how to approach the design and sale of our product.

Steenberg found that initial sales that used this approach were at least four times better than those of products where customer input was not taken into consideration during the design.

Ideas may be simple, but few people make money just from an idea. Putting a business concept behind the idea is what turns it into an actual business.

6.6 Where to Start with the SHAPE Four-Quadrant BMC

Completing the SHAPE Four-Quadrant BMC is not essential, but a useful way to start is to follow the steps set out below.

First, print out this list, or project it onto a whiteboard to make sure you capture your ideas and put them into words.

Step 1: Fill in the Concept and Value Propositions blocks (the business purpose).

Step 2: Complete the Value Chain and Customer block.

Step 3: Fill in the Resources block.

Step 4: Complete the Cost Structure and Revenue Streams block (financial block).

Once you have completed these steps, you have created a basic business plan.

6.7 Conclusion

Traditional lengthy business plans do have a purpose and place for youth entrepreneurs when planning and developing business. Business plan templates can easily be downloaded from the Internet through a quick Google search. The value contribution of a lengthy and verbose written business plan can still be debated. It often serves as a good direction, action map, and description of the enterprise's vision, mission, ethical foundation, and action plans. However, creating a succinct business

model canvas through dividing four quadrants of describing the business concept, outlining the value proposition and value chain, what resources are needed to enable the enterprise and financial planning will assist the youth entrepreneur in having a broader sense of purpose and direction for the venture in a focused manner.



Reference

Van der Westhuizen, T. (2022). *Effective youth entrepreneurship*. Sunbonani. <https://omp.sunbonani.co.za/index.php/sunbonani/catalog/book/6>

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