



CENTER FOR HOMELAND  
DEFENSE AND SECURITY  
NAVAL POSTGRADUATE SCHOOL



# HSx MODULE: ENTREPRENEURSHIP (STEP 0 - GETTING STARTED)



APRIL 2017

# WHAT IS ENTREPRENEURSHIP?

*“The capacity and willingness to develop, organize and manage a business venture along with any of its risks in order to make a profit. The most obvious example of entrepreneurship is the starting of new businesses.”*

<http://www.businessdictionary.com/definition/entrepreneurship.html>

[https://www.youtube.com/watch?v=wbQDeP5w7C4&list=PLQykyC1zr8f\\_8O9AYcR4LAXiWG7LFu3wc](https://www.youtube.com/watch?v=wbQDeP5w7C4&list=PLQykyC1zr8f_8O9AYcR4LAXiWG7LFu3wc)

# ENTREPRENEURSHIP CAN BE TAUGHT

“To be a successful entrepreneur, you must have great and innovative products. Products can be physical goods, but also services or the delivery of information. All other factors that influence success are nothing without a product. The process of making a great product can be taught.” (pg 2)

# THREE COMMON MYTHS THAT MUST GO

- Individuals start companies- Research indicates more founders=better odds of success.
- All entrepreneurs are charismatic and that it's a key factor to success- Research shows that more important than being charismatic is effective communicator, recruiters and sales people.
- There is a entrepreneur gene- False, people can adapt and learn new behaviors and entrepreneurship can be broken down into discrete behaviors and processes that can be taught. (pg2)

# TYPES OF ENTREPRENEURSHIP

- Small and Medium Enterprise (SME)
  - Focus on addressing local and regional markets only.
  - Innovation, growth or competitive advantage not necessary.
  - “Non Tradable Jobs” Jobs are generally performed locally (E.G., restaurants, dry cleaners, service industry)
  - Most often a family business with little external capital.
  - Company typically grows at a linear rate. When money is put into the company usually the business responds in a quick and positive manner.
- Innovative-Driven Enterprise (IDE)
  - Focus on global and regional markets.
  - Company is based upon some sort of innovation and potential competitive advantage.
  - “Tradable jobs” Jobs that do not have to be performed locally.
  - More diverse ownership base including a wide array of external capital providers.
  - Company starts by loosing money, but if successful will have exponential growth. Requires investment. When money is put into company numbers do not respond quickly. (pg7)

# THEMES AND STEPS USED IN THIS MODULE

## Who is Your Customer?

- Market Segmentation
- Selecting a Beachhead Market
- Build an End User Profile
- Calculate the TAM Size for the Beachhead Market
- Profile the Persona for the Beachhead Market
- Identify Your Next 10 Customers

## What Can You Do for Your Customer?

- Full Life Cycle Case
- High Level Product Specification
- Quantify the Value Proposition
- Define Your Core
- Chart Your Competitive Position

## How Does Your Customer Acquire Your Product?

- Determine the Customer's Decision Making Unit (DMU)
- Map the Process to Acquire a Paying Customer
- Map the Sales Process to Acquire a Customer

## How Do You Make Money Off Your Product?

- Design a Business Model
- Set Your Pricing Framework
- Calculate the Lifetime Value of an Acquired Customer
- Calculate the Cost of Customer Acquisition

## How Do You Design and Build Your Product?

- Identify Key Assumptions
- Test Key Assumptions
- Define Minimum Viable Business Product
- Show That, "The Dogs Will Eat the Dog Food"

## How DO I Scale My Business?

- Calculate the TAM Size for Follow-on Markets
- Develop a Product Plan

# STARTING A NEW VENTURE

- Three ways to start a new venture.
  1. Have an Idea
  2. Have a Technology
  3. Have a Passion

Once you have answered this question you are closer to determining the customer pain that you are interested in alleviating because its in line with your interests and expertise. (pg18)

# FINDING A FOUNDING TEAM

- Research shows businesses with multiple founders are more successful than single owner and operators.
- Choice of founders is extremely important.
- Sources for how to select founders;
  - The Founder's Dilemma, Naom Wesserman
  - What We Look for in Founders, Paul Graham
  - Want to Start a Business? First, Find a Partner, Margret Heffernan
  - How to Find That Special Someone: Your Co Founder, Pejman Pour-Moezzi
  - Five Rules for Co Founder Heaven, Helge Seetzen



# HIGHLIGHTS OF MODULE

- Identify the type of entrepreneurship.
- Identify the type of venture you are beginning on.
- Who will be your Founding Team?

# OTHER REFERENCES

- Disciplined Entrepreneurship, Bill Aulet
- User Story Mapping, Jeff Patton
- Crossing the Chasm, Geoffrey Moore
- Blue Ocean Strategy, W.Chan Kim and Renee Mauborgne
- Inbound Marketing, Brian Halligan and Dharmesh Shah
- Four Steps to the Epiphany, Steve Blank
- The LEAN Start Up, Eric Ries's
- Running Lean, Ash Maurya
- Business Model Generation: A Handbook for Visionaries, Game Changers and Challengers,– Alexander Osterwaler and Yves Pigneur (John Wiley and Sons)
- The Startup Owner's Manual – The Step-by-Step Guide to Building a Great Company – Steve Blank and Bob Dorf (K&S Ranch, Inc.)
- The Lean LaunchPad: Stanford Engineering 245. 2 Minutes to See Why:  
<https://www.youtube.com/watch?v=m733s5PNpWc&feature=youtu.be>
- <http://www.SteveBlank.com> – Video collection from the founder of Lean Launch
- <http://www.Startupstash.com> – This is a website with hundreds of resources covering topics most entrepreneurs find difficult especially when getting started.

# Entrepreneurial Process – Getting Started

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**Overview:** Starting a new business is a very challenging endeavor. Having a method to approaching the challenges that lay ahead is essential. The following module focuses on some of the best available practical guidance for “normal” people to become entrepreneurs. There are many books and videos for entrepreneurs who have no business experience or knowledge. The Entrepreneurial Modules use the book and video series, Disciplined Entrepreneurship, by Bill Aulet as the central reference to help provide a sequential process to follow in developing a business from scratch. This module incorporates other sources of information from various sources to help guide students to the essential resources to focus research efforts and close the knowledge gap as quickly as possible. The modules are sequenced in a specific order and the most effective when followed as they are presented. It is recommended students read Disciplined Entrepreneurship as the presentation captures the highlights of the various chapters and the book contains examples and more detailed descriptions of the steps and process.

## Organizations:

- Small Business Administration: The SBA helps Americans start, build and grow businesses. Through an extensive network of field offices and partnerships with public and private organizations, SBA delivers its services to people throughout the United States, Puerto Rico, the U. S. Virgin Islands and Guam.  
<https://www.sba.gov/>
  - <https://www.sba.gov/starting-business/how-start-business/entrepreneurship-you> - Starting your own business can be an exciting and rewarding experience. It can offer numerous advantages such as being your own boss, setting your own schedule and making a living doing something you enjoy. But, becoming a successful entrepreneur requires thorough planning, creativity and hard work. This website will help you assess if you have what it takes to become an entrepreneur.
- MIT Boot Camp: A series of free courses taught by Bill Aulet of the MIT Sloan School of Business to help startups get going using a developed and tested method.
  - <https://www.youtube.com/channel/UCPonD0FH2WNnEXyTsYiLWMw>
  - What is Entrepreneurship? Bill Aulet Explains [https://www.youtube.com/watch?v=wbQDeP5w7C4&list=PLQykyC1zr8f\\_8O9AYcR4LAXiWG7LFu3wc](https://www.youtube.com/watch?v=wbQDeP5w7C4&list=PLQykyC1zr8f_8O9AYcR4LAXiWG7LFu3wc)
  - Three Ways to Start a Company <https://www.youtube.com/watch?v=NExvTgq5IM4>

## Recent Publications, Videos and Journal Articles:

- Disciplined Entrepreneurship, Bill Aulet  
What is Entrepreneurship? <https://www.youtube.com/watch?v=Xcsp0486o1Y>  
From Passion to Idea or Technology <https://www.youtube.com/watch?v=NS0pxSF0Kmo>  
What is Innovation? <https://www.youtube.com/watch?v=oD7X3KvJAVk>  
Varieties of Innovation [https://www.youtube.com/watch?v=1mw\\_Uo5ba58](https://www.youtube.com/watch?v=1mw_Uo5ba58)  
Six Myths of Entrepreneurship <https://www.youtube.com/watch?v=WOGYjBSuOPU>  
What Makes a Business <https://www.youtube.com/watch?v=cKJOBx3N2tQ>
- User Story Mapping, Jeff Patton

- Crossing the Chasm, Geoffrey Moore
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