

# Strategic Research and Development Management

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Lecture 12: Organisational creativity

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# KEY TERMS

- **Entrepreneur-** the individual that is a risk taker and innovator.
- **Entrepreneurship-** the business that is creative and risky.
- **Characteristics:** Creative, confident, goal-oriented, motivated, hard-working
- **Risks:** Unproven idea, little management experience, long-hours with no guarantee of a profit

# KEY TERMS

- **Venture Capital**- Money provided by large investors to finance new products and new businesses that have a good chance to be very profitable
- \* **Innovation**- a brand new creation or invention
- \* **Improvements**- a significant design change or addition on an existing product

**Small Business-** a business with less than 500 employees (typically just a few people)

- Not all business owners and managers are entrepreneurs.
- Entrepreneurs have unique skills and personal characteristics.

● **3 CHARACTERISTICS OF A SMALL BUSINESS:**

**The owner is usually the manager**

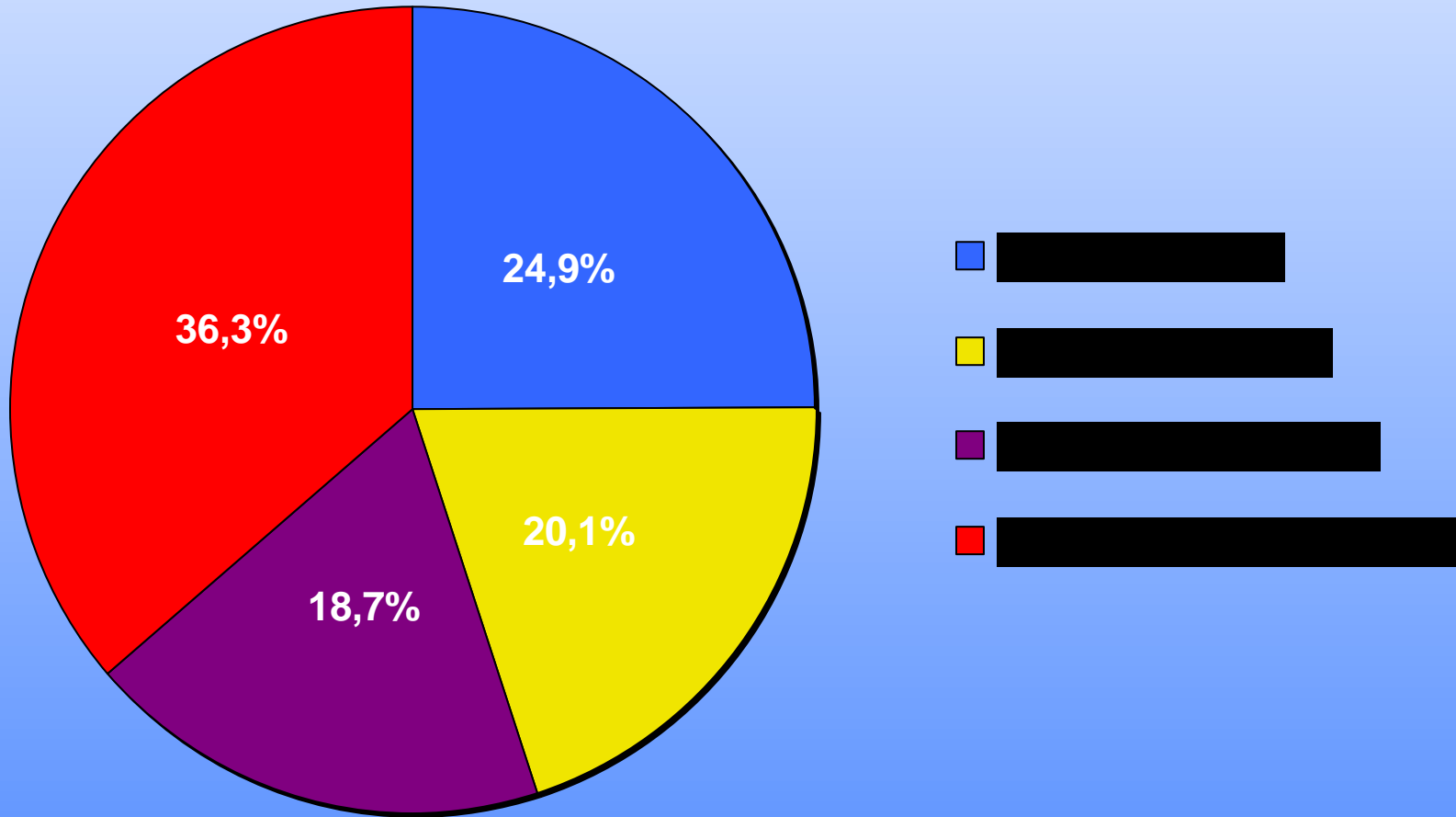
**Usually only 1 or 2 locations**

**Typically serves a small market**

## 3 Reasons most small businesses fail

- Lack of money
- Lack of management experience
- Not keeping adequate records

# Employment Growth by Business Size, 1990–2005



# Checkpoint ✓

- What are the sources of financing that entrepreneurs use for their new businesses?
  - Personal savings
  - Friends and family
  - Venture capital
  - Bank loans

# KEY TERMS

- **Small Business Administration (SBA)**- a government agency that helps small business owners develop business plans and obtain financing

# BUSINESS PLAN

**Business Plan-** a written description of the business idea and how it will be carried out.

## 5 ELEMENTS

- 1) **Description of the business & goals**
- 2) **Customer Analysis- knowing your customer**
- 3) **Operations Plan- organizing the business**
- 4) **Marketing Plan- marketing & advertising**
- 5) **Financial Plan- Creating a Budget:**  
**start up, short term & long term**

# Checkpoint ✓

- What are the “strategic alternatives” in a business plan?
  - Strategic alternatives are alternative plans for production, staffing, financing, and so on.
  - Even the best business plan cannot predict every possible circumstance.
  - An alternate plan allows a business to be prepared for the unforeseeable.

# FINANCING

## THE SMALL BUSINESS

- **Types of financing**
  - **Start-up financing-** the money and details of getting the business started: inventory, supplies
  - **Short-term financing-** the money needed for the first year of expenses
  - **Long-term financing-** a 3-5 year plan of success for the business, identify long term financial needs.

# Checkpoint ✓

- In addition to owner-supplied capital, what are several other sources of financing for a small business?
  - Borrowed money may come from banks, finance companies, or other individuals, such as friends and family.
  - Some suppliers may also be willing to extend credit.

# Entrepreneur- ONLINE RESEARCH

- WHO INSPIRES YOU?
- WHAT IDEAS INSPIRE YOU?