Start your own business
The aim of the program is to suggest a practical introduction to help you to start your own business.

We introduce a wide range of issues that you should consider before starting a business.
Topics

- The business idea
- Characteristics of the entrepreneur – self employment
- Researching the market
- Market planning
- Business Plan
- Incentives for economic activities
The business idea

Environment  Needs and opportunities  Project attitude

IDEA  BUSINESS IDEA
<table>
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<th>Questions to start your business</th>
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<tr>
<td><strong>WHO?</strong></td>
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<tr>
<td>• Identification of entrepreneur or partners?</td>
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<tr>
<td><strong>WHAT?</strong></td>
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<tr>
<td>• Characteristics of product/service</td>
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<td><strong>TO WHOM?</strong></td>
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<tr>
<td>• Target</td>
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<td><strong>WITH WHOM?</strong></td>
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<tr>
<td>• Competitors</td>
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<tr>
<td><strong>HOW?</strong></td>
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<tr>
<td>• Strategies of communication and distribution</td>
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<tr>
<td><strong>WHERE?</strong></td>
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<tr>
<td>• Territory of reference</td>
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<tr>
<td><strong>HOW MUCH?</strong></td>
</tr>
<tr>
<td>• Price definition</td>
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<tr>
<td><strong>FUND RAISING?</strong></td>
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<td>• Resources necessary</td>
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</table>
From a business idea to a business asset

A real example...

Atlanta, 8th May 1886
The chemist J.S. Pemberton invented a coca-based soft drink as a remedy for headache

Coca Cola is the first brand in the world with a value of 69 billion $
From a business idea to a business asset

WHAT MADE THE VALUE OF A COCA-BASED TONIC?

Creation of exclusive rights and diffusion in the market

- Trade secret (7x)
- Trademarks
- Patents (e.g., GB 1293885)
- Design
From a business idea to a business asset

**Intellectual property rights:** means to protect the intangible asset of a company

**Patent:** new and inventive solution for a technical problem

**Trademark:** distinguishing signs of a company (words, colour, sound, symbol, etc.)

**Industrial Design:** aesthetic effect, shape of a product (both 2 and 3-dimensional)

**Copyright:** software and artistic production

**Trade Secret:** industrial methods, compositions, ecc.
From a business idea to a business asset

**THE PROCESS**

**IDEA**
Technical solution, sign, shape, etc.

**SEARCH**
Information on technology, competitors, etc.

**FILING**
The exclusive right starts

**REGISTRATION**
Basis for competitive advantage

- use IP rights on the market
- licence of IP rights (exclusive vs not exclusive)
- licence of IP rights for merchandising
- selling of IP rights
From a business idea to a business asset

WHY PROTECTING INTANGIBLE ASSET IS IMPORTANT?

- IP rights allow to create competitive advantage on the market (exclusivity, entry barriers, etc.)
- IP rights are means of competition (defense, negotiation, commercial agreement, etc.)
- IP rights are marketing drivers (they contribute to enhance the product value on the market)
- IP rights are financial asset (credit of the balance sheet)
- IP rights generate cash flow (in case of licence or selling or other commercial agreement for example)
- IP rights are basis for start-up and spin-off.
Market research

Before starting a business you need to be certain that there is a market for your product or service, and that you can be competitive in that market.

WHAT YOU NEED TO ANALYZE?

- Generates sales
- Helps a business become market oriented
- Identifies demand
- Identifies customer needs & wants
- Help tailor a product/service to suit customer needs
- Researches competitors
- Helps make informed business decisions
Marketing strategy

Strategic positioning compared to clients and competitors?
• In which segment I will operate
• Satisfied needs
• Products that satisfy them
• Characteristics and aims

Objectives of the company?
• Market share
• Proceeds
• Costs
• Investments
• Profitability

Which competitive advantages?
• How to reach them?
• How to maintain and implement them?
Market planning

Market planning is the process of developing and implementing a strategy to provide goods and services to the customers.
Market planning is based on the concept of the 4P.
The BUSINESS PLAN synthesizes the contents and the characteristics of a business project. For BUSINESS PROJECT we intend a project to develop inside a company, as well the creation of a new enterprise. The Business Plan faces financial, organizational, economic and marketing issues.

PURPOSE:
- It could be used to analyze and evaluate a new business enterprise
- It could be utilized to verify possible changes in an already existing company
Business costs

Business costs:

- Fixed costs
- Variable costs
- Capital costs
- Financial expenses
- Taxes
Business costs

**FIXED COSTS**
- ""...costs incurred in the general running of the business"
  - Rent/Rates
  - Office supplies
  - Advertising
  - Insurance
  - Telephone, Light
  - Staff

**VARIABLE COSTS**
- "... cost which are directly related to "producing" the product or service"
  - Raw materials
  - Stock
  - Packaging
  - Energy
  - Subcontracting costs
## Business costs

<table>
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<tr>
<th>Capital Costs</th>
<th>Financial Charges</th>
<th>Taxes</th>
</tr>
</thead>
</table>
| items which will have a long term life expectancy  
  - vehicles  
  - equipment, machinery  
  - premises, fixtures and fittings | interests that the entrepreneur must pay to the bank for the borrowed money  
  - Loan, leasing | they are calculated on the taxable income and vary according to its amount and to the kind of company |
Cash flow forecast

TOTAL INCOME

- VARIABLE COSTS
- FIXED COSTS
- CAPITAL COSTS
- FINANCIAL EXPENCES

= GROSS PROFIT

- TAXATION

= NET PROFIT
Financial cover

- OWN INVESTMENT
- BANK, LOANS
- GRANTS
EBAN – European Business Angels Network

What is a business angel?

✓ Informal private investor with smart money (finance+expertise)
✓ Investment 25,000–250,000€
✓ Willing to share his managerial skills, specialist
✓ Knowledge and networks
✓ No sector preference
✓ Often prefer to invest in his region of residence
✓ Seeking profit, but also fun
BA INTERVENTION

- **Capital Needs**
  - **Seed**
  - **Start-Up**
  - **Early Growth**
  - **Sustained Growth**

- **Time**

- **Capital Needs**
  - **High Risk**
    - **Friends, Family, Founders**
    - **Business Angels**
    - **Formal Venture Capital**
    - **IPO**

- **Growth**
  - **Low Risk**

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**BA INTERVENTION**

Friends, Family, Founders

Business Angels

Formal Venture Capital

IPO

TIME

CAPITAL NEEDS

SEED

START-UP

EARLY GROWTH

SUSTAINED GROWTH
Incentives for economic activities

TRENTINO CASE

The Italian Constitution recognizes legislative, administrative and financial autonomy to the Province of Trento. The Autonomous Province of Trento carries out economic activities within guidelines as set out by the European Union.

Trentino Sviluppo is the agency set up by the Autonomous Province of Trento to foster the sustainable development of the region.
## Incentives for economic activities

**TRENTINO CASE**

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<th>START-UP</th>
<th>GROWTH</th>
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<tr>
<td><strong>GRANT</strong></td>
<td>D2T</td>
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<tr>
<td><strong>CONTRIBUTION</strong></td>
<td>SEED-MONEY</td>
<td>LP6/99 INVESTMENTS</td>
<td>LP6/99 RESEARCH</td>
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<tr>
<td><strong>LOGISTIC</strong></td>
<td>PRE INCUBATION</td>
<td>INCUBATION</td>
<td>BUSINESS PARK</td>
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