New Concepts and Successful Entrepreneurial Models

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Abstract
To increase the chances of success for a business, the entrepreneur must carefully plan the activity. The most used tool for business planning is the business plan. Because a business plan is a comprehensive document, which requires much time for writing it and for that the sheer volume of information and details can destroy the entrepreneur's attention on the truly important things. Alexander Osterwalder and Yves Pigneur designed a simpler, more concise planning tool namely business model Canvas.

Key words: business planning, business plan, business model Canvas.

1. The importance of business planning
In order for a business to make ends meet on the market it is important that every employee in the company to know exactly what to do, what are the objectives that need to be performed. This may be done by means planning.1

Planning is the process of identifying, fixing, blending and logical ordering of objectives, tasks required, and of the means available for achieving the intended purpose.2 This is considered as the basic function of management of any activity.

The importance of business planning has been debated over time of the academic community, the latter being divided into two sides. A part of the business planning argue that researchers may hamper the company's expansion because it will only develop as planned. At the same time they claim that planning introduces a rigidity in the management, thus influencing the ability of adaptation to market conditions.3

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1 http://ebooks.unibuc.ro/StiinteADM/manageinent/3.htm
Although some consider that when you start a business it is not necessary\(^4\) that it is fruitless to even make a schedule\(^5\), most are of the opinion that when you plan your business chances of success are higher as resources are used more efficiently, the decisions are taken more quickly.\(6\)

Planning is used by organizations for\(^7\):

- setting objectives;
- efficiency of the activity;
- reducerea costurilor;
- reduce risks;
- decisions;
- promoting innovative ideas;
- promote teamwork;
- establish control measures.

The main role of planning is to help the company to establish objectives and the steps you must follow to achieve them.

All small and large organizations have limited resources. With the help of planning these limited resources are allocated in an effective way by helping to achieve the objectives proposed. Organizations that do not plan activities are not effective, since chances of success much lower.\(^8\)

The planning is done for the future and the future is always uncertain. For this reason when it planned activity must be taken into account and the risks to which the company is vulnerable. The planning encourages the use of scenarios „what – if”\(^9\).

By planning to obtain the necessary information to top management. This information is used in making effective decisions regarding the allocation of resources that will enable the achievement of their objectives proposed.

It goes without saying that the planning are selected through the best choice of action. It goes without saying that the planning are selected through the best choice of action. The process of uncovering the best variations lead to the birth of innovative ideas and creative.

\(^8\) [http://smallbusiness.chron.com/importance-planning-organization-1137.html](http://smallbusiness.chron.com/importance-planning-organization-1137.html)
Activity planning must not only be done by the manager but must involve as many employees. Once objectives have been established it can perform and control over their fulfilment.

2. Business Plan

The most used tool for business planning is the business plan. It is intended to demonstrate that the business is viable, that is funded and designed to guide the contractor operating the business.\(^{10}\)

The business plan is a written document in which the entrepreneur has crystallized the idea of describing your product/service offer, market, customers, suppliers as they will attract customers, competitive advantages, resources and business application skills, as well as the feasibility study of the business.

This tool provides an overview of the company and the external environment in which it operates. It is a tool both for internal and external use. The usefulness of the organization relates to its use for business planning, while, externally, the business plan is used for communication with the external environment and potential investors or specifically with suppliers.

In order for a business plan to be useful for entrepreneurs, it must be simple, clear, realistic, easy to follow, SMART objectives contain and allow periodic review.\(^{11}\)

The business plan has 4 functions namely:

- development of crystallization and il business an idea;
- evaluation of a new business ideas;
- to obtain financing;
- control.

2.1 Advantages of a business plan

Like any business plan tool has both advantages and disadvantages. The main advantages of the business plan are:

- help entrepreneurs clarify their idea and to determine whether or not to invest;
- helps to avoid errors caused by lack of information about the market, competitors or clients;
- assists in obtaining external funding;
- helps establish as accurately as possible the investment necessary for the implementation of the idea;
- helps develop planning skills of the entrepreneur;
- "forcing" the entrepreneur to be as realistic, objective with regard to the idea of business;
- facilitates communication with the external environment.

\(^{10}\) http://tribunaeconomica.ro/blog/?p=1420
\(^{11}\) http://socio-umane.ctasachi.ro/el07_files/downloads/Economie%20aplicata702.3%20Elaborarea%20planului%20de%20afaceri%20cf.pdf
2.2. The disadvantages of business plan

The desire to achieve a business plan as good and realistic, the entrepreneur is mainly dedicated its attention to getting as much information as required by the business plan but not all of them are equally relevant to the business, thus wasting time and energy entrepreneur with less elements essential for business. This is one of the biggest disadvantages of business plan.

Another downside of the business plan is that it requires a lot of time to achieve and in business time is money and lost opportunities.

For writing a business plan, the entrepreneur should possess certain skills or if it's less prepared for this purpose, he will have to turn to financial advisors which implies additional costs, at the same time a business plan is a comprehensive document containing a lot of information that can distract the entrepreneur on the truly important things.

For these reasons, Alexander Osterwalder and Yves Pigneur have designed a tool planning simpler, more concise and specific business model Canvas.

3. Business Model Canvas


They believe that any business to stand on the market it needs to have a business model. A business model describes the process by which a rational organization creates and delivers value to the target consumers.

Figure nr. 1 Business Model Canvas13

The business model Canvas is made up of 9 “blocks”: target customers, relations with clients, the value of the product/service, channels of transmission of the value of the product/service, key partners, key activities, key resources, key processes, key resources.

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13 http://ctrl-d.ro/wp-content/Liploads/2014/03/bmc.jpeg
revenues and costs of the business. The blocks are arranged from right to left, being interconnected between them, one cannot exist without the other.¹⁴

These blocks are also the human brain and the left side are the building blocks of efficiency (logic) and on the right side of the emotional value of business (creativity). (figure nr. 3).

To complete the business model Canvas contractor must answer the following questions:
1. To whom is addressed the business?
2. What value offers business to customers?
3. How is the value offered to customers?
4. What are the costs and revenues?

To identify the most suitable business model Canvas for his idea, the entrepreneur should follow four steps that succeed in cyclic mode:¹⁵
1. Establishment of the model assumption based on initial research findings made by the entrepreneur;
2. Model testing-at this stage the entrepreneur meets with prospective clients to validate the model estimate;
3. Hypothetical model analysis-analyse what works and what doesn't in the presumed model;
4. According to the results of the analysis model is validated, adjusted or changed radically.

Figure nr. 2 Stages of development of the model Canvas¹⁶

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¹⁶ Drawn by the authors
3.1 Construction of business model Canvas

As stated previously, the business model Canvas is a logical structure of nine blocks arranged in logical order and interconnected.

The first block to be completed is the segment of customers, because customers are the heart of any business, without whom any deal is doomed to disappearance.

The entrepreneur shall identify the category of clients that his business will serve with two questions: "who create value?" and "what are the most important customers?".

The entrepreneur can choose to apply:

- mass consumers;
- a niche of consumers;
- a consumer segment, the company applies an additional segmentation segments of consumers already identified, on the basis of sex, age, and/or income etc.;
- multiple consumer segments.

The second block to be filled is that of the proposed value. The proposed model can have quantitative aspect (price \ speed serving) or qualitative aspect (product design, usefulness). As examples of proposed new business value we can mention: the novelty of product or service, the design, the lower selling price, increasing the usefulness, reliability increased, standardization of the product/service, etc.. The amount proposed constitutes the main reason why customers are choosing a company at the expense of another.

In the third block, at the distribution, noted how the value to our customers. Depending on the type of customer and product/service offered, the entrepreneur can choose to convey the value of own channels (stores, sales agents, online store). through the channels partners (partners, online stores of partners), or a combination of these.

The entrepreneur should establish at the outset what relationship it wants to slabilească with our customers: personal or impersonal relationship. This will be mentioned in the section "relationships with our clients"

If customers are the heart of any business, business revenue represents blood without which it cannot survive. In the "revenue" is mentioned as the proposed business will generate revenue namely: sale/lease assets, services, abonarmente, advertising contracts, etc.. It will include how to determine the price (if it is fixed, variable, if there is a special price for certain customers).

Under the "key resources" mentioned that are material resources, human, financial and information needed to create the proposed value.

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17 Alex, Ostervvalder et all. Business Model Generation, .lohn Wiley & Sons, Inc., Hoboken, 2010
How to use key resources for the production and distribution of the proposed company will be noted in the block "key activity".

Under the "key partners" will be referred to the leading suppliers, business partners that help to meet business objectives.

Business costs will be passed on the block called "costs". Will mention that there are fixed costs, which are the variables which activities and resources are most expensive. Tot în această zonă se menționează dacă modelul de afaceri este bazat pe costuri (minimalizarea costurilor) sau pe valoare (se axează în special doar pe crearea de valoare).

3.2 Advantages and disadvantages of business model Canvas

The business model Canvas fits into the Group new managerial tools available to entrepreneurs: anal but is a simple but very effective tool, you are "required" to be entrepreneur's concise and it helps to define your business.

It is a visual, intuitive tool that helps to communicate the idea of business much easier compared to the business plan. The business model created using this tool can be easily adapted to market changes.

Unlike the business plan, it shall be completed very quickly, can easily create many variations. In terms of the volume of information contained, the Canvas contains fundamental aspects of the business, without having to tie with minor details.

The main drawback of this tool we can identify that it is known and used in large scale of potential investors. An other disadvantage is linked to detailed revenue and expenditure. In the corresponding blocks are just the final but for a thorough understanding of the model should be accompanied by a budget of revenue and expenditure completely.

As a new tool for business planning, the Canvas has real prospects to be known and used successfully in the future at a scale of increasingly extended.

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