

MARKETING USING AN ENTREPRENEURIAL LENS

AN ENTREPRENEURIAL APPROACH TO MARKETING

In this first chapter, we introduce you to the concept of marketing as applied with an entrepreneurial lens. Marketing has evolved significantly over the past 30 years with much of the control about a company's brand value switching from the hands of the business owners into the hands of consumers. This is a positive if you're the consumer, but more challenging, hence the entrepreneurial approach that is needed, when you're the business owner trying to get your brand recognized and embraced by consumers. We'll help you understand the key differences between more traditional marketing approaches and those that truly integrate an entrepreneurial mindset, and the impact that has on business success. As you become comfortable with this notion, we will introduce a framework known as the Business Model Canvas (Osterwalder & Pigneur, 2010), which emphasizes the importance of having your value proposition (why customers care about your solution) at the heart of your business. You do not need to own the company to apply these frameworks, nor do you need to be the person responsible for marketing. Throughout the book you will begin to embrace the notion of designing a business around consumer needs versus creating a product or service in search of a customer. We conclude with a discussion about setting S.M.A.R.T. (Specific, Measurable, Assignable, Realistic, Time-Related) (Doran, 1981) goals that will allow you to align your marketing plan with your strategic business objectives.

Marketing has been in a state of fluctuation over the past decade and will continue to evolve as we identify different channels and methods for communicating with prospects and customers.

Learning Objectives

In this chapter, you will learn to

- differentiate between entrepreneurial marketing and traditional marketing tactics.
- apply the concept of S.M.A.R.T. (Doran, 1981) goals to a goal you plan to achieve.
- identify how the principles of Business Model Canvas (Osterwalder & Pigneur, 2010) design apply to a concept you are interested in exploring.

Millennials (anyone born between 1981 and 1996) are the largest generation in the United States, and the way they make decisions is different from that of any generation that came before them. For example, Pew Research Center's Study (2018a) on the influence of social media found that 23% of 18- to 29-year-olds changed their views on a social or political issue because of something they saw on social media versus only 13% of 50- to 64-year-olds making the same claim. Engagement is critical, and millennials have led the charge in terms of interacting with the brands they love. Let's look at Coca-Cola's "Share a Coke" campaign that launched in the United States in 2014 where they swapped out their logo on bottles of coke and replaced it with 250 of America's most popular first names such as John and Sarah. In 2015, they increased the number of names to 1,000 and created an option for individuals to order personalized bottles or six-packs (Moye, 2015). For consumers, this allowed Coke to become a part of their daily life experiences in a more personal way. According to a *Wall Street Journal* article, this led to a 2% increase in 2014 of Coca-Cola's carbonated-soft drink sales (Esterl, 2014).

In future chapters, we will explore further research on the impact of social media on decision making. However, for now it's important to understand the importance of changes in behavior and decision-making processes as they impact business and marketing decisions. In this book, we will spend time explaining important marketing frameworks and show you how to apply them to a variety of evolving opportunities to successfully grow a business or organization. We will show you how to apply marketing principles to solve a problem or seize an opportunity using an entrepreneurial approach. If you are successful at learning the frameworks, you will be able to address business challenges with greater comfort. This is because the basic principles and rules of customer engagement will not change in the same manner as the tools you use to reach customers will. Therefore, if you understand these basic frameworks of customer engagement and acquisition, you will be in a stronger position to select and deploy the right tools, as they evolve over time and apply them appropriately to whatever situation you find yourself and your company in. This is the essence of entrepreneurial marketing.

Let's begin with a definition of what an *entrepreneurial marketing approach* is, as opposed to traditional marketing methods. This sets the stage for the work you will do throughout the book. We begin this first chapter with a definition of *entrepreneurship* and then show you how to apply this to the practice of marketing.

When many people think of entrepreneurs, they think of people who own businesses. However, we challenge you to rethink this definition. Babson College, ranked the number one undergraduate school for entrepreneurship in the United States for over 21 consecutive years (as of the publishing of this book) by *U.S. News & World Report* has a different view of entrepreneurship (Babson, 2018). Professor Heidi Neck, along with her colleagues Christopher Neck and Emma Murray, explain in their book, *Entrepreneurship: The Practice and Mindset* (2018), that

Entrepreneurship is complex, chaotic, and lacking in any notion of linearity. The entrepreneurship practice requires creative and nimble thinking leading to a heightened level of experimentation where numerous iterations represent stages of learning rather than a series of starts and stops or even successes and failures.

In this definition of *entrepreneurship*, there is no mention about owning or running a business. Therefore, what does this mean and what is the implication for your work in designing an entrepreneurial marketing initiative? Basically, this means that there is no one simple linear or straight line that will guarantee your connection with customers who are interested in your products or services. There are a multitude of methods that can be tried and tested to determine how to get your product in the hands of prospects and paying customers. Through a series of iterative tests, you will learn which approach is best to get to market. Keep in mind that this approach must reflect customers' evolving needs and will therefore need to change and evolve over time as customers respond differently to different outreach methods. What worked yesterday may not work today and will likely not work tomorrow.

According to research conducted by the Pew Research Center (2018b), 89% of all U.S. adults used the Internet in 2018. There are also differences by age, race, gender, education and income that might impact the decisions you make related to connecting with customers. You might be surprised (or not) to learn that 66% of individuals 65 and older (perhaps, your grandparents) are online compared to 98% of 18- to 29- year-olds (we suspect that statistic does not surprise you). Therefore, it's incumbent upon the individuals responsible for the growth of a business, organization, or product line to learn the various experiments necessary to identify the best methods for reaching their customers. Only by learning these frameworks about customer discovery can one have a chance of being successful in the long term.

How do entrepreneurial best practices apply to customer discovery? Some business owners believe that the hardest part of business growth is product or service design and once they have the product created, then they simply need to figure out which channels to use to get it in customers' hands, and they're all set. But business growth and marketing are much more complex than that, as you may have experienced or are beginning to realize. Ideas iterate as new knowledge is accumulated about the market, customers, competitors, and your internal skills and capabilities. As these new ideas—sometimes challenges and other times opportunities—become apparent, entrepreneurs need to understand how to change and pivot from their original thinking and embrace this circular, entrepreneurial process as a given, not the exception to the rule. Business growth and design are never linear, and the most successful business owners and entrepreneurs learn how to evolve their ideas, thinking, products, and business model around the new information. Therefore, it's important to have a structure in place that allows you to

secure this new information and be able to respond and react in a positive manner to impact change and growth.

Your framework must support the evolution of your product or business idea with a focus on having a strong value proposition that revolves around the customer and his or her changing needs. One model that works very effectively for this is the Business Model Canvas. The canvas, explained here based on the book *Business Model Generation: A Handbook for Visionaries, Game Changers, and Challengers*, by Osterwalder and Pigneur (2010), provides an excellent framework for entrepreneurs to begin to think about their business as it relates to the value they create and deliver to key stakeholders—ranging from customers and prospects to partners, investors, and employees. In addition, there are numerous videos that explain how the canvas works. Here are two sources that you might want to review:

1. Strategyzer resources page at <https://strategyzer.com/canvas>
2. *The Business Model Canvas—9 Steps to Creating a Successful Business Model: Startup Tips* at <https://www.youtube.com/watch?v=IP0cUBWTgpY>

Below are a series of questions that you can apply to your idea that will help you address the many parts of the model as it relates to your marketing plan initiative. This will allow you to better understand and access your customers. In this chapter, we outline the questions you will need to answer to help you address customer value propositions and to support your ability to think and act like an entrepreneur. We will occasionally revisit these throughout the book to help you use entrepreneurial thinking to solve sticky problems and address how you can seize opportunities you see in the marketplace. Keep in mind the fact that *entrepreneurial thinking* is about taking a creative and nimble approach to opportunities and problems that you see in the market and then experimenting with a variety of approaches to seize the opportunity or solve the problem. This is an iterative approach that requires that you continuously learn from the experiments that you perform such as interviewing customers or prototyping a product. Then you take this learning and apply it to your evolving business.

As you begin to think like an entrepreneur and recognize that a linear way of thinking about business growth is not a realistic way to organize a business, you will be one step closer to creating a business that focuses around your customers and their current and evolving needs.

NEW TOOLS—SAME OLD RULES

As you are beginning to understand, marketing revolves around the customer and not the product or solution that you want to bring to market. Therefore, we must apply customer discovery tactics to the practice of marketing, focusing first on defining the

Table 1.1 Questions to Address Based on the Business Model Canvas Framework

1. Customer Segments

- For whom are you creating value?
- Who makes up the potential and target audience that you are addressing?
 - What are their key defining characteristics, that is, demographics, behaviors?
 - What is their compelling problem or need or pain?
 - Which segment(s) are most attractive? Why?
 - Do your target customers care about how you create or offer social value?
- How large is this market?
 - How many people and/or companies and organizations?
 - What evidence do you have to support this estimate?
 - What assumptions did you make? How might you confirm them?
 - How easy is it to target the market?

2. Value Proposition

- What is the problem you are trying to solve or the opportunity you are attempting to seize?
- What value do you deliver to the customer?
- How are you creating social value?
- Which customer needs are you satisfying?
- What bundle(s) of products and services are you offering to each segment?
- Are you providing social value to the communities you serve?
- What are you specifically offering?
 - What are the most important benefits to your target audience?
 - Is value sufficient to adopt your product or service?

3. Channels

- How is your target audience currently addressing the problem or need?
 - What alternatives (substitute solutions) do they have? Who's your competition?
- Through which channels do your customer segments want to be reached?
- How will you reach them?
- Are your channels integrated?
 - Do some work better than others?
- Which channels are most cost-efficient?
- Will you integrate your channels with customer routines and behaviors?

4. Customer Relationships

- What type of relationship does each customer segment expect you to establish and maintain?
- How expensive is ethically acquiring, maintaining, and retaining this relationship?
 - What is your customer lifetime value?
- How is this relationship integrated with the rest of your business model?

(Continued)

Table 1.1 (Continued)

5. Revenue Streams

- What are your customers willing to pay?
- What do they currently pay?
- How are they currently paying?
- How would they prefer to pay?
- How much does each revenue stream contribute to overall company revenue?
- How will you charge for your product or service?

6. Key Resources

- What key resources does your value proposition require?
- What are your needs in terms of physical, intellectual, and financial resources?
- What needs do you have to ensure you can ethically distribute through identified channels?
- What resources do you need to acquire and maintain customer relationships?
- What resources will you need to launch and how do you plan on accessing them?
 - What resources are required by any business operating in this space?
 - What resources are unique to your solution or competitive position?
 - What do you still need to research?
- What are the most critical skills and people resources needed to successfully launch the business?
 - What are the values that you and your team expect to exemplify and communicate in this venture? What kind of culture do you want to create?

7. Key Activities

- What activities are required to deliver your value proposition?
- How do these activities support the social value you will create or build into your business model?
- How do these activities impact the following areas: production, problem solving, network, distribution channel, customer relationships, and revenue stream?

8. Key Partnerships

- Who are your key partners?
- Who are your key suppliers?
- Which key resources or expertise or experience do you need from partners—optimization, economy of scale, reduction of risk, access to customers, and/or markets?

9. Cost Structure

- What are your key costs? Are they primarily fixed or variable?
- Which key resources are most expensive?
- Which key activities are most expensive?
- Are you focused on minimizing your cost or maximizing your value?

10. Is the Venture Feasible?

Based on your answers to the questions here about your business model:

- Does your proposed business model and strategy work?
- Are you able to support a model that creates and/or supports social value?
- Do you need to explore changes to any element of your business model to increase your chances of success?
 - What additional research do you need to conduct?

needs and interests of consumers and then determining how to align your solution with those needs. Sometimes this requires that your solution change or evolve to avoid obsolescence and business failure. This clearly reinforces the importance of taking an entrepreneurial approach to creatively reviewing customer needs on an ongoing basis and applying new learning to sustain a product through multiple business cycles.

Marketing programs that can be sustained through the constantly evolving ways in which businesses engage with customers always begin with a clear understanding of potential and current customer needs. Then, the business uses this data to determine how to approach its target market with a continuous cycle of improving your message, channel selection, and ultimately your product or service solution to ensure you align your product with customer needs. With the target market in focus as the primary driver of your business, this reinforces the importance of developing synergistic business strategies that align with the needs of the consumer.

Hopefully, we haven't terrified you about the seemingly complex set of steps required to design a marketing plan with actions that will get you to market and engaging with customers. The goal of seeing your customer as an entrepreneur does require a change of focus, leading to a change in your marketing efforts.

Instead of designing a product or solution in search of a customer, you must flip your business model and first identify the needs of your target markets and then design the products, services and business model to address and deliver your unique solution.

Throughout this book, we provide you with a variety of tools that are required to flip your model and way of thinking about your product or service. The frameworks are designed to be used in start-ups, growing organizations, and even large, well-established firms. Once again, we would like to reinforce the fact that you do not need to own the company to apply these frameworks, nor do you need to be the person responsible for marketing. However, without the perspective of "customer first" followed by product design and delivery, the organization will likely find itself in a precarious position where sustaining brand loyalty and market share will be very difficult. The larger a company gets, sometimes the further away it gets from understanding its customers' and prospects' needs. That's why the entrepreneurial mindset is so important. It requires numerous iterations that are constantly evolving to ensure organizations view their products and solutions through the eyes of their target customer.

We live in a time when entrepreneurs and small businesses with limited budgets have access to a myriad of marketing channels to reach customers around the globe. It appears that the playing field has been leveled and small businesses can now compete with behemoth companies. However, many businesses continue to struggle and find it hard to compete because while they now can access channels that were previously outside of their reach, they still face limitations related to money, people, and time. The constraints include the amount of money they can spend on customer outreach

campaigns, a lack of people (human resources) such as a dedicated team of marketers who can focus on deploying and tracking marketing campaigns, and the time required to launch a targeted campaign before their funds dry up. They have to come out of the “proverbial gate” with a campaign that is focused squarely on their customers’ identified needs since they might not get a second opportunity to target their customers. The pre-work required before launching a campaign is more critical for these business owners because their larger competitors typically have more manpower and money to use for campaigns. Therefore, if their first marketing attempt doesn’t work in their favor, it won’t be the end for them. Having an entrepreneurial mindset to ensure you do the work right (measure twice, cut once) before you determine your marketing channels is essential for increasing your odds of success.

Therefore, the approach that is required to successfully target customers when time, money, and human capital are scarce must be entrepreneurial in nature. Now that we’ve defined what this mean, let’s talk about how to apply it to a business to create value for the company and consumer.

DESIGNING A BUSINESS MODEL THAT CREATES VALUE

While the focus of this book is to show how to apply entrepreneurial marketing principles to solve a consumer-centric problem or seize an opportunity, we need to focus on how to design a business model that creates value before we get into the detail of how to design your marketing approach.

To secure sustainable business growth throughout multiple business cycles, it’s important to design a business model that supports the continuous changes that occur over time, with a focus on the customer and not the product. While many of the methods and channels we use have evolved (such as social media and virtual customer acquisition), the principle of making business decisions related to customer needs remains constant.

Therefore, while you may think of marketing as advertisements you see in your community or online messages you receive in your Facebook feed, the heart of marketing remains focused on understanding and satisfying the needs of your customers. You currently experience marketing as a consumer, but as this book progresses, you will understand the importance of putting on your “proverbial” business owner or product manager hat and seeing and experiencing products and services through the eyes of consumers. In this light, marketing focuses first on identifying customer needs and then determining which marketing tools to deploy to grow a business.

The stronger your skills become at differentiating and selecting among the myriad of marketing options available to you, the better you will be at creating customer interest in the solution you provide. Let’s illustrate this with an example of a young entrepreneur named Joanna Alberti.

VIEW FROM THE TRENCHES

PhiloSophie's®: From Mass Market to Tying the Knot



PhiloSophie's® (www.celebratewithsophies.com) was launched in 2005 by Joanna Alberti, a few years after getting her undergraduate degree from The Boston University Questrom School of Business. Joanna created a line of greeting cards and stationery based on the stylish and witty illustrated character, Sophie. With wide-ranging appeal, Joanna's trendy designs and motivational messages on topics such as work challenges, friendship, and special occasions have attracted a fan following as well as licensing deals. Joanna even landed a major distribution agreement that featured her greeting cards in Target stores.

Like many entrepreneurs, Joanna began philoSophie's® out of her Boston, Massachusetts, apartment, single-handedly illustrating and managing the printing and negotiations involved in building the business. In 2005, Joanna was featured on the CNN segment "Young People Who Rock" and was later rated by *Business Week* as one of the top five entrepreneurs under the age of 25. In 2007, she decided to move her company from Boston to her hometown of Rochester, New York, taking the business from her apartment to a dedicated studio workspace. Two years

later, Joanna opened a storefront and hired two freelance graphic designers. This allowed her to focus on what she enjoys most—the creation and marketing of her products.

However, these achievements were not without challenges. As a relative unknown in the industry, Joanna had a hard time persuading manufacturers to sign on to the Sophie character. Rather than work with a newcomer, manufacturers preferred dealing with a more established brand that they believed would be more likely to move products quickly off the shelves. In addition to this challenge, Joanna's lack of business experience was problematic. There was nothing the young entrepreneur believed she could not do. That resulted in her trying to manage all aspects of her growing business without seeking proper support. Joanna comments: *I think when I first started I probably was just so eager that I just asked a lot of questions and I never really felt like I couldn't do anything. And when you keep going and hit a lot of snags in the road or "no's" and things like that, you get a little discouraged.*

Despite the company and the owner's youth, philoSophie's® was able to overcome the obstacles it faced to grow into an established player in the greeting card market. A friend who studied at BU with Joanna saw the illustrations that she had created and nominated her to be featured in *Business Week*. It also turned out that one of the customers from her Rochester store was a representative for the Recycled Paper Greetings line of cards owned by American Greetings. It's through this meeting that philoSophie's® was able to get a small line of greeting cards into Target.

(Continued)

(Continued)

Even with a growing presence in the market, Joanna, like all entrepreneurs, struggled at times to define the right strategy for her business to ensure its sustainability. She was continuously developing new concepts and products and evolving her artwork. While she made early business decisions “from the heart,” she quickly realized the value of more strategically approaching the growth of her business to identify which products would not only attract the most customers but also create positive profit centers for her company.

Joanna talks about what goes into making philoSophie's® successful: *It's learning to grow with consumers—so I try to take advantage of Facebook, Instagram, and other social media tools and keep up to date with blogs. The public relationship side of the business is a big part of growing the brand because then people create a personal attachment with you and they see that there's a person behind the brand and it not just a big corporation that created this. I have always taken a more grassroots approach. I don't really spend any money on advertising. I think it's so important to send a handwritten note and do those small things that will lead to bigger opportunities. It didn't just happen. At a certain point in time, either certain things stick or they don't. And when they don't and you feel like they're not really moving where you want to be, you try a different approach.*

As a one-woman operation, Joanna realized the critical importance of pursuing the product lines that would make the most efficient and effective use of her limited resources (her time and money) while ensuring that her focus always remained squarely set on her customer. In other words, the company needed to do things in a much smarter and more strategic manner. In order to figure out which solutions to offer, she did a complete financial analysis of her products, channels of distribution (online versus offline), and profit margins per product. Using this data, she had an eye-opening experience because she began to acknowledge that



PLEASE JOIN US FOR A CELEBRATION OF
LOVE, LAUGHTER, FRIENDSHIP, AND FAMILY AS

Jacqueline Amanda Weiner
AND
Gregory Kinsella Hartwich

JOIN HANDS IN MARRIAGE
SATURDAY, THE TWENTY EIGHTH OF OCTOBER
TWO THOUSAND SEVENTEEN
AT SIX O'CLOCK IN THE EVENING
TEMPLE CONCORD OF SYRACUSE
10 MADISON STREET
SYRACUSE, NEW YORK 13210

JOIN US FOR

Cocktails, Dinner & Dancing!

7 O'CLOCK IN THE EVENING



THE SHERWOOD INN
26 W GENESEE STREET, SKANEATELES NEW YORK

VISIT OUR WEDDING WEBSITE FOR MORE DETAILS:
WWW.HAPPILYEVERHARTWICH.COM

Let Us Know...

KINDLY REPLY BY

September 28, 2017

M _____

_____ WOULDN'T MISS IT FOR THE WORLD

WE PROMISE TO DANCE IF YOU PLAY THIS SONG:

_____ BY: _____

_____ REGRETFULLY DECLINE

_____ NUMBER OF GUESTS ATTENDING

philoSophie's®

the cards she sold in stores and online were not actually creating the most profit for her company. The most profitable product line was her bridal products. In addition, this is where the demand for additional products was originating.

Brides buy with passion and were more willing to spend money on the special day than her average holiday or special event card customer. They also tell their friends, creating a word-of-mouth marketing effort that had become a very powerful source of business for Joanna. Armed with this newly recognized information, Joanna turned her focus to creating bundled packages for brides. She also created a strong alliance with “The Knot,” a popular online site that is a virtual, one-stop shop for everything related to wedding planning.

With a new strategic approach, Joanna created a “Wedding Shop” tab at the top of her website and launched product lines ranging from bridal shower and wedding invitations to gifts and everything paper related a bride could need for her wedding. She contemplated creating a stand-alone website but explained, “Once my brides start having babies it’s more convenient for them to have one website to remember and visit for baby announcements, holiday cards, and other gifts.” Plus, managing two sites simply didn’t make sense in terms of Joanna’s limited time and focus. Joanna refocused her business model by focusing on her customers and not the products she produced. This allowed her to create a more sustainable business model because her passion for designing cards needed to evolve into a more specific market niche—brides who are passionate and interested in buying her brand.

We know from the case that Joanna was quite adept at recognizing customer needs. Her products and the complementary services she created evolved based on what she heard and verified that her customers needed. She understood that THEY defined her business value more than she did, and by allowing them her



Jacqueline & Gregory

OCTOBER 28, 2017

philosophie®

key customers this level of “decision making” in the product lines she offered, she was able to position herself to be more profitable.

This might seem obvious to somebody reading the case, but giving control of the products and solutions you offer to your customers is really hard to do. Joanna struggled for many years to achieve a level of growth and profitability that aligned with her goals. She originally viewed her value proposition as the cards and messages that her character Sophie espoused. However, this was not what her customers valued the most, and she recognized this only by allowing herself to see her business through a different lens, that of her customer. At the same time, she had to acknowledge that not all of her customers had the same value to her. Her target market was the higher, more luxury-focused end of the bridal market spectrum where value was measured by providing brides with one-of-a-kind, custom-designed bridal invitations. Price was not a major obstacle, and focusing on this end of the market allowed her to offer a solution at a higher price point and margin than her other cards and products. This

(Continued)

(Continued)

gave her the ability to grow her business and continue to offer all levels of products but primarily focus on growing the luxury sector of the market.

In Their Shoes

Let's explore what you have learned from Philo-Sophie's® evolving path to success.

1. How might you have approached the original design of this business as

a young entrepreneur who recently graduated from college?

2. What types of customer discovery activities should Joanna complete on an ongoing basis to ensure she continues to create solutions that customers want?
3. What would you recommend to Joanna in terms of next steps for growth?

REALITY CHECK—THE TRUTH ABOUT BUSINESS SUCCESS AND FAILURE

Following on Joanna's story, it's important to understand the truth about business success and failure rates in the United States. According to the U.S. Small Business Association: Small Business Facts Reports (2012), "About two-thirds of businesses with employees survive at least 2 years and about half survive at least 5 years. As one would expect, after the first few relatively volatile years, survival rates flatten out."

What does this data tell us about business? Should we not even bother trying since our chances of success are 50:50? Definitely not! But with only half of businesses still operating after 5 years, it might make you ask, "What did the survivors know that helped them succeed?" It's a fair question that doesn't have a simple answer. If there was an easy way to ensure business success, then clearly more people would jump in, knowing what the predictable outcome would be. While success hinges on many different factors, you can improve your chances of developing a sustainable company by first recognizing the importance of evolving your business model around the needs of the customer and the marketplace.

According to the 2018 Global Entrepreneurship Monitor (GEM) Report, the world's foremost study of entrepreneurship, co-founded by Babson College and London Business School and representing a consortium of academic institutions worldwide, there are a multitude of reasons that businesses fail or discontinue.

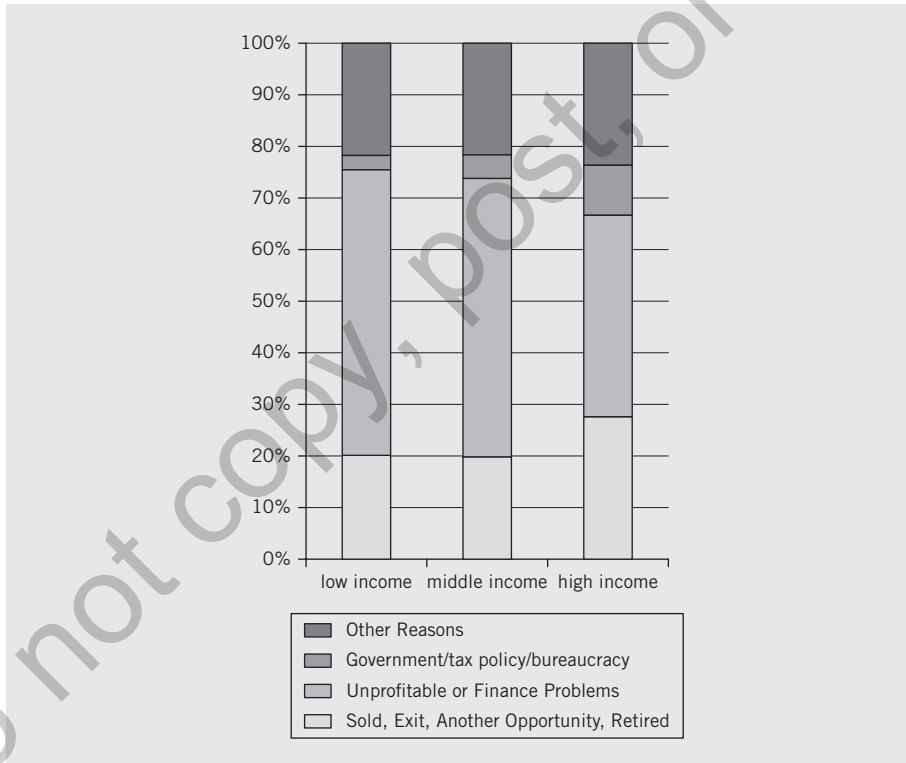
Some reasons could be seen as positive, such as the opportunity to sell, pursuing another opportunity or planned retirement. On the other hand, discontinuation may be due to lack of business profitability, problems with accessing finance and running out of working capital. Figure 1.1 shows

some of the identified reasons why businesses discontinue. Clearly, a lack of business profitability is consistently cited as the major reason for business discontinuance, with a third of business exits due to this reason, on average, across all three development phases. (Singer, Herrington, & Menipaz, 2018)

However, selling retiring, exiting and pursuing another opportunity accounts for a significantly important factor in the discontinuation of a business. Therefore, not being in existence is not necessarily representative of a failure.

What does this data mean for the individual interested in pursuing a business opportunity? It shows that being a business owner is not an easy role to assume. There are many risks that need to be assumed, and being prepared to pivot and continuously evolve with your customer base is paramount. Nonetheless, there can be a very positive

Figure 1.1 GEM Data Business Failure



Permission to use data from GEM 2018, which appears here, has been granted by the copyright holders. The GEM is an international consortium and data was collected in 49 economies in 2018. Our thanks go to the authors, national teams, researchers, funding bodies and other contributors who have made this possible.

return on your time, money and resources if you accept the risks and succeed. However, if you decide to discontinue your business you can take those lessons learned with you and apply them to your next business opportunity.

Owning a business does not make you an entrepreneur and is definitely not the only way to act and think like one. This is a misnomer that we have tried to dispell. Many individuals are entrepreneurial in their approach to problem solving and don't own their own company. Likewise, many people who have responsibility for growing a company may not be the owner or even a part of the senior management team. Nonetheless, the way they view problems and approach situations in a nonlinear way with a focus on their customers' needs, as opposed to just their products, makes them entrepreneurial thinkers.

THE IMPORTANCE OF SETTING S.M.A.R.T. GOALS

You may be wondering what the first steps are in terms of creating a successful entrepreneurial marketing plan for your business. We must begin by clearly defining your business goals, which in turn will support your ability to create a marketing plan that aligns these goals with your customers' needs.

As mentioned in the preface, there are a variety of tools and worksheets in the book designed to help you design your marketing plan. Our first worksheet is an exercise to help you learn or improve your S.M.A.R.T. goal setting skills.

What's a S.M.A.R.T. goal? If you're not familiar with this concept, let me explain how it works. Each letter represents an important aspect of the goal. The examples below are related to business goals. You might not be ready to do this for a business, but you will first get an opportunity to set a personal goal so you can understand the process. Then, when you are ready, you can focus on creating S.M.A.R.T. business goals.

S: Specific: This may seem obvious, but you'd be surprised how often goals are set that are so wishy-washy that the entrepreneur who set it won't know if the goal was achieved or if it had an impact on the business. A nonspecific goal is something like, "I want to increase sales in the next year." or "I want my customers to be happy with my service." These are both common responses, and typically my question to the business owner is this: So, you're saying you'll be happy if you increase sales by just one dollar even if your costs increase by two dollars?

Naturally they think that's absurd but that's the goal they set because they weren't specific about the terms. Here's an improved goal: "I want to increase my profit (not sales) by \$50,000 in the next six months." That's better, right? The customer satisfaction (happiness) question is a little more complicated because you have to measure customer satisfaction (or happiness) in order to know if you're achieving it. A goal might be to launch a survey to measure specific customer satisfaction levels with various areas of your business and set target figures (i.e., all factors must achieve at least a 4.3 out of a 5.0 score).

M: Measurable: Measuring goals is a fundamental part of being specific. If you can't or don't measure a goal, you can't manage toward it and are that much less likely to achieve that goal. Again, setting a benchmark that you hope to achieve is important. Let's look at a goal that might appear to be easy to measure on the surface but, in fact, is difficult. "I want to increase my profit margin on all of my products by 3%." Here's the catch—Do you know what your current profit margins are? Some of you may say, "of course I do" and good for you. However, I've worked with many business owners over the years who have a general sense of their profit margins but don't REALLY know the margins since they have been estimating costs and applying them across all products.

The positive aspect of setting a margin-driven goal, like profit margin, is that it will very likely shed light on what data you know and what you thought you knew but in reality don't have a handle on. This plays into the *A* of the S.M.A.R.T. goals: who will be assigned to ensure it is completed?

A: Assignable: Now is the time to figure out who will be responsible for achieving the goal you set. Let's say you're running a bakery and your goal is to "Increase production of biscotti, the most popular item you sell, by 30% in the next 60 days." Can you actually achieve this given the team you have onboard? How will you do it, and, most important, who will be responsible? In addition, it's important how this activity will impact the rest of your operation if you assign one or more people to also complete these tasks.

One of the key elements of having an achievable goal is ensuring that you truly have the people onboard who have not only the expertise required but the time to commit to the initiative as well. This tends to be where great ideas end up in the trash—it works on paper but if there isn't a dedicated individual or individuals responsible for making it happen (and this doesn't have to be the business owner), then it usually won't get very far off the ground.

R: Realistic: Realistic refers to the fact that while you might be able to achieve this goal given all the resources needed, it may be totally unrealistic in terms of your overall business focus, manpower, or priorities. For example, let's say your big picture goal is to "Increase sales by 20% each year." Does this align with how your company operates or how you're structured? Will achieving this cause internal problems that conflict with the goal because in order to increase sales you have to double your team? You might be able to achieve this goal, but the reality of its impact on other actions and strategies might cause major conflicts with your top and/or bottom line.

On the other hand, articulating this goal will give you the opportunity to look at your business and the industry you operate within and determine what changes need to be made to achieve this. Do you need to target new markets? Do you need to develop products for the same customers but with higher profit margins? By taking the time to think about the implications of the goal, you will be working ON your business and not simply doing the daily grind while ignoring the big picture (working IN the business).

T: Time-related: Time-related always seems to be the simplest aspect of goal-setting, yet one that people simply forget about. “Increasing sales by 30% in the next year” needs some more dates around it. Are you increasing sales for specific products by specific periods in time throughout the year or simply by the end of your fiscal year? Do you have a variety of dates to benchmark results against, or is “whenever” good enough for you? (We certainly hope not!)

Are you ready to try this? Go to Worksheet 1.1: Setting S.M.A.R.T Goals and write down your #1 most important personal goal for the next 6 months (or business goal if you are ready). By focusing first on using the S.M.A.R.T technique with a personal goal, it will be easier to do this when you begin to focus on your company’s goal.

ACTION CREATES TRIUMPHS (ACT)

Interview an Entrepreneur

How do you embrace what it means to have an entrepreneurial mindset? We are providing you with two activities that you can engage in that will help you understand how entrepreneurs think and evaluate your perspective on problem solving as compared to theirs.

Entrepreneur Interview

This exercise allows you to explore the challenges and opportunities faced by individuals who are responsible for business growth for their own business or for another company or organization. This can be a for-profit or non-profit organization. You should identify an entrepreneur with a minimum of 10 years of business experience for your interview and carefully analyze your findings. We suggest you identify an entrepreneur who is working in a field or industry that interests you. For example, if you care about the environment, try to identify somebody who is working in the cleantech field or perhaps working for a clean energy organization. Likewise, you might have an interest in finance or sales as a career goal. Try to identify

an entrepreneur whose role in an organization focuses on financial analysis or managing a sales team. Remember that entrepreneurs and those who possess entrepreneurial thinking skills should not be identified simply by their job, role, or title. Entrepreneurial thinking crosses many boundaries because it’s a way of approaching problems that makes it entrepreneurial in nature, not the problem or job itself. Therefore, the person you interview might be responsible for customer service for the company. This might not seem “entrepreneur” based on his job title, but perhaps he thinks like an entrepreneur (is creative and nimble and experiments with a variety of approaches to solving problems) and has implemented some new policies to better serve the needs of the customers his company serves. He might be a great person to interview.

Next is a list of questions (along with an introduction) that you **could** use to learn more about the interviewee. However, you are free to ask any questions that you like. The key criterion is that you want to identify an individual who deploys hands-on, entrepreneurial practices, like those that we have discussed in this chapter.

The goal of this assignment is to have you analyze and explain what you have learned about being an entrepreneur, what you want to understand more about, and how being an entrepreneur will impact your future career decisions. Therefore, when you pose questions, always ask if the person can share a specific story that further explains her response. For example, if she tells you that she has many ideas that failed before starting her current business, probe further into this and ask her to specifically tell you at least one story about one of the business ideas and why it didn't work. Plus, ask her if they can share what she learned. The more stories you hear firsthand from individuals who have tried and failed, the more comfortable you will be embracing the notion that failure isn't an end; it's simply a process that leads to the "next" outcome.

When completing the assignment, do not create a transcript that is a simple write-up of the interview or provide only details about what the entrepreneur's responsibilities are. **This assignment must reflect insight and analysis about the interview.** This should include a reflection of what you have learned through lectures, readings, and any work experience that you have.

Sample Questions and Script

Thank you for your time today. I have a series of questions that I'm going to ask you about your business/organization and your role. I appreciate your honest feedback and hope that you're comfortable sharing specific stories that describe what you've learned and experienced.

1. How and why did you choose your career?
2. How do you define entrepreneurship?
3. Do you consider yourself to be an entrepreneur? Why?
4. How is your success measured?
5. Do you have a business or growth plan in place? If not, how do you plan for the next 1 to 3 years?
6. Do you tend to rely on your gut to make growth decisions or conduct research? How has this impacted your success?
7. How do you identify new opportunities? What activities have you or your company recently implemented to seize these opportunities?
8. How do you identify changing customer (target market) needs? Do you survey or interview your customers or prospects?
9. How has business changed for your specific organization in the past 5 years? Do you see those changes as positive or negative? Why?
10. What do you think about risk as it relates to achieving goals?
11. What do you think about failure?
12. What is the greatest challenge that your company faced? How did you handle or overcome that challenge?
13. We recognize that things don't always turn out despite our best efforts. Are you willing to share a story about a challenge where the outcome was less successful or at least unexpected from what you planned?
14. Are you willing to share some of your current challenges or barriers and how you are dealing with these?
15. What is the most important lesson learned from your experience?

ACTION CREATES TRIUMPHS (ACT)

Idea Generation

One of the primary goals of this book is to show you how to take the discussions, frameworks and cases and apply them to a business concept that you are working on. In order to do this, you need to have a business idea that you can apply the learnings to throughout the book, keeping in mind that this idea will definitely change and evolve as you practice the entrepreneurial marketing lessons shared. The idea might get stronger as you better understand the market, or you may discover that, while your idea is interesting to you, there's no "ready" market or customers who are interested in the solution you offer, requiring that you change, pivot, or simply start over. Don't worry, there's nothing wrong with having to begin again. You will always own what you learned from practicing the frameworks and determining that the current iteration of your idea is a no-go solution. This will prepare you for the next version of idea generation that you conduct and get you closer to learning how to address customer needs in an entrepreneurial manner.

There are many ways you can approach idea generation. For this exercise, based on an exercise created by Dr. Caroline Daniels at Babson College, we are going to use the practice of ethnography to help you generate business ideas. *Ethnography*, according to Merriam-Webster, is "the study and systematic recording of human cultures." Basically, it's observing and recording what we see about various groups. As used in this book, you will take your observations and your unbiased recording and begin to create ideas around it that can be the basis of a new business concept.

You can do your own ethnographic study by observing people in a location or "space" such as a shopping mall, campus bookstore, main street, waterfront area, or basically any place that interests you. Alternatively, you can list a number of

problems or opportunities that intrigue you and then purposefully go out and observe situations where the problem or opportunity can be objectively observed and recorded with the goal of better understanding how it occurs. You will complete an ethnography study multiple times throughout the course of developing your business concept. We introduce it in this first chapter, but we will also provide you with an opportunity in Chapter 3 to do a deeper dive with a focus on learning more about your potential customers with the goal of creating a Customer Profile (Chapter 4).

Ready? Let's begin this exercise. You can do this alone, but since you are likely part of a class, we suggest you create teams of six to eight people and, as a team, do the following:

1. Decide which option you will begin with:
 - a. opportunity space to identify people in a specific setting that interests you, or
 - b. problem or opportunity that you want to observe.
2. Once you have decided which approach is the best for your team, then select a specific location or space to complete your ethnography study. In the case of option #2, you will first need to agree on the problem or opportunity you want to observe before you identify the space.
3. Now that you have agreed on the location, divide your larger group into smaller subgroups to complete the observation.
 - a. In smaller subgroups of two to three people, go to your selected space.

- b. Spend at least 30 minutes recording your observations—basically facts of what you are seeing. Remember to only observe. Do not judge or formulate any conclusions yet about why these things are happening. Things to write down include the following:
 - i. What are people doing?
 - ii. What is their behavior?
 - iii. Do they seem to have a motive or goal?
 - c. Take pictures (when appropriate) to present to your larger team and eventually to the class.
 - d. After your initial observation, return to a centrally agreed-upon location and regroup with your larger team.
 - e. Share observations for 30 to 40 minutes with your team.
4. Now, brainstorm insights for 30 minutes. Basically ask questions focused on the “Why” and the “What” of the observations.
 - a. Why do these facts exist?
 - b. What are the motives of the people you observed?
 - c. What do motives tell you about needs and opportunities?
 5. Develop three to five well-articulated insights about the reason that you observed what you did. For example, perhaps young people are gathering in one location because the WiFi is better or there’s a store that is very popular.
 6. Select the best insight for the team to work on.

7. Finally, develop a business concept around it. What business idea could you come up with that would allow you to further explore how to turn a problem or opportunity into a business?

The best way to generate ideas for a business begins with a question: “How can we . . .” For example, you might have observed that there are a lot of plastic bags floating in the marina by your house. Or, perhaps you observed that students are sitting together outside of the classroom but not talking to each other because they are all using their phones to communicate. You might start your idea generation session by asking these questions:

- ✓ How can we get rid of the excess plastic bags in the marina?
- ✓ How can we discourage people from letting plastic bags get in the water?
- ✓ How can we encourage students to talk more to each other in person versus texting or using social media?

Once you have formulated your “How can we . . .” question, you need to brainstorm solutions that could lead to the development of a business concept. IDEO (2019), a design and innovation consulting firm, suggests seven rules for teams working with observations to gain insights about designing innovative products and services for customers.

Remember that brainstorming allows everyone to have time to share their thoughts, so make sure you allow enough time to formulate lots of great business concepts.

1. **Defer judgment:** Don’t judge the insight about others involved in an observation. There are no wrong ideas.

(Continued)

(Continued)

2. Encourage wild ideas: It's important to think creatively. You're trying to figure out how to solve problems and think beyond the world that you already know.
3. Build on the ideas and observations of others: If one person has the same idea that you do, that's fine but don't simply repeat their idea . . . take it to the next level.
4. Stay focused on the topic: Don't get distracted by three other ideas that popped into your head about another problem. Try to stay close to the original question, "How can we . . ."
5. One conversation at a time: Don't talk over each other. Remember to listen to what others are saying.
6. Be visual: Make sure you take pictures or can draw ideas that you have based on your observation. A picture might clarify your ideas or what you observed.

7. Go for quantity: The more ideas you have, the better the process. At this point, try to get as many ideas out there before you start to narrow them down.

One method for sharing observations and insights is allow each team member to suggest his top two to three ideas. You can also spend a few minutes writing your ideas on sticky notes and then posting all of them to a poster board. The goal is to accumulate as many ideas as possible that address the "How can we . . ." question.

Once all of your ideas are recorded, you can allow everybody to get three votes (you might use something like stickers to vote with) and then rate the group's favorite ideas. Once you have your top three ideas, vote on them so you can focus on one business concept to work on with the goal of determining how feasible your idea is (basically, are there customers and markets that are interested in your solution?).

FOCUS ON APPLICATION: WAKU

The Entrepreneurial Journey

Curious about how a company used this brainstorming technique and the other entrepreneurial marketing tactics that we will discuss to create their business? Throughout this book you are going to read about the creation of Waku. In 2017, two friends, Juan Giraldo, an MBA student at Babson College in Massachusetts and his friend Nicolás (Nico) Estrella went on a road trip to the southern part of Ecuador. There they met Don Miguel, an indigenous farmer who

introduced them to a local herbal drink known as "el agua que cura," which means "the healing water." This is a drink infusion made up of more than 20 herbs and flowers from the Andes Mountains. Don Miguel shared his story with Juan and Nico and explained how hard it is to make a living as a producer of these medicinal herbs used for the "healing water." He and his fellow farmers struggled with low incomes because they lacked access to large markets and

Juan Giraldo, Nico Estrella



locally could not sell their product at prices that would support a profit margin to keep them in business. Learning this inspired Juan and Nico to create a market-driven solution for this social problem. Juan explained, “We want to share this amazing drink with the world, and by doing this, we are going to be able to help Ecuadorian independent farmers improve their quality of life.”

They returned from their trip inspired to achieve the following two goals: (1) help small farmers continue to produce this infusion and maintain a livelihood and (2) bring this delicious and healthy drink to the world. They brainstormed ways to address the “How can we . . .” question, and eventually the idea of Waku was born. Within a year, they had developed their first herbal tealike drink based on an ancestral recipe containing the herb and flower infusion that has been consumed for centuries in the Andes Mountains of Ecuador. It has a fruity and aromatic flavor with a hint of lemon and is sourced with purely organic ingredients directly from Ecuadorian farmers at fair trade prices, with the goal of helping them improve their quality of life. You will continue to read about their journey throughout the book.

AHAs

Lessons and Takeaways

Let's recap highlights of this first chapter.

1. Entrepreneurship is not about owning a business but an approach to solving problems and seizing opportunities. When deploying an entrepreneurial mindset, one needs to be creative and nimble and apply what one learns from the market to achieve successes
2. Entrepreneurial thinking applied to marketing requires that you learn what your customers need and want on a continuous and ongoing basis to ensure you solve their evolving
3. The Business Model Canvas provides a solid framework that supports the evolution of your product or business idea. With its emphasis on having a

needs. Marketing is not a static activity because it requires constant awareness of changes in the marketplace. As new ideas—sometimes challenges and other times opportunities—become apparent, entrepreneurs need to understand how to change and pivot from their original thinking and embrace this circular, entrepreneurial process as a given part of business.

(Continued)

(Continued)

value proposition that revolves around the customer and his or her changing needs, it provides a perfect backdrop to design a business and marketing initiative to seize customers.

4. Instead of designing a product or solution in search of a customer, you must flip your business model and first identify the needs of your target markets and then design the products, services, and business model to address and deliver your unique solution. This will provide you with a unique opportunity to achieve sustainable success.
5. To secure sustainable business growth throughout multiple business cycles, it's important to design a business model that supports the continuous changes that occur over time, with a focus on the customer and not the product. While many of the methods and channels we use have evolved (such as social media and virtual customer acquisition), the principle of making business decisions related to customer needs remains constant.
6. Being a business owner is not an easy role. There are many risks that need to be assumed, and being prepared to pivot and continuously evolve with your customer base is paramount. Nonetheless, there can be a very positive return on your time, money, and resources if you accept the risks and succeed. However, if you decide to discontinue your business, you can take those lessons learned with you and apply them to your next business opportunity.
7. Setting S.M.A.R.T. (Specific, Measurable, Assignable, Realistic, Time-Related) goals will allow you to align your marketing plan with your strategic business objectives. Once you have defined your S.M.A.R.T. goals, then you can begin to design your marketing plan to ensure it meets customer goals, now and for the future.

TOOLKIT

Worksheet 1.1: Setting S.M.A.R.T. Goals

Please describe your single most important business goal to achieve in the next 6 months (Make sure this is S.M.A.R.T.: *Specific, Measurable, Assignable, Realistic, and Time-Related*)

What makes it . . .

Specific?

Measurable?

Assignable?

Realistic?

Time-Related?

Worksheet 1.2: Sample S.M.A.R.T. Goal

SAMPLE: Goal #1—Increase number of sales leads to 90 per month by May of 20xx. We need to average at least a 45% closing ratio and an \$850 average sale amount.

Action #1: Design a marketing plan that targets our customers demographically and geographically and creates sales leads that generate required closing ratio.

- Deadline
 - Dec. 20xx
- Impact on resources
 - Time to create plan and do research required
 - Cost to narrow focus of whom to target
 - Cost of actual advertising and other outreach methods
 - Time and cost to track effectiveness on a weekly and monthly basis
- Responsible: Olivia

Action #2: Create a Facebook and YouTube channel that is updated and managed weekly.

- Deadline
 - Aug 20xx
- Impact on resources
 - Time and cost to design
 - Time and cost to manage and measure impact
 - Time and cost of social media optimization
- Responsible: Abdul

Action #3: Implement and measure the RESULTS of a training program that supports a lead-generating environment. This includes office staff to field workers and is for existing employees and new hires.

- Deadline
 - March 20xx
- Impact on resources
 - Cost and time to design, implement, and measure
 - Cost and time to shadow other successful businesses of similar size regarding what we are wanting to achieve (other geographical areas)
 - Cost and time to continuously train and monitor
- Responsible: Jonathan and Olivia

Action #4: Create a process and procedure that creates a “WOW” buying experience whose impact is measured in sales results.

- Deadline
 - Jan. 20xx
- Impact on resources
 - Time and cost to design, implement, monitor, measure, and train
 - Time to understand competitors’ “WOW’s”
 - Cost and time to shadow other successful businesses of similar size and understand what they are doing to achieve their goals (outside our geographic areas)
- Responsible: Omar

Worksheet 1.3: Business Launch Plan/Road Map

Please describe your three most important business goals for the next 12 months (Make sure these are S.M.A.R.T.: *Specific, Measurable, Assignable, Realistic and Time-Related*). Use a separate page for each goal.

Business Goal #1

Now, list critical actions required to achieve the goal above including the deadline, the person responsible, and the Impact on Resources (i.e., people, time, money).

Actions to Achieve Goal	Deadline	Person(s) Responsible	Impact on Resources
1.			
2.			
3.			
4.			
5.			

Worksheet 1.3: Business Launch Plan/ Road Map

Business Goal #2:

Now, list critical actions required to achieve the goal above including the deadline, the person responsible, and the Impact on Resources (i.e., people, time, money).

Actions to Achieve Goal	Deadline	Person(s) Responsible	Impact on Resources
1.			
2.			
3.			
4.			
5.			

Worksheet 1.3: Business Launch Plan/Road Map continued

Business Goal #3:

Now, list critical actions required to achieve the goal above including the deadline, the person responsible, and the Impact on Resources (i.e., people, time, money).

Actions to Achieve Goal	Deadline	Person(s) Responsible	Impact on Resources
1.			
2.			
3.			
4.			
5.			

Worksheet 1.4: Completing an Ethnography Study

Create teams of six to eight people to complete your ethnography study.

1. Decide which option you will begin with:
 - a. opportunity space to identify people in a specific setting that interests you, or
 - b. problem or opportunity that you want to observe.
2. Once you have decided which approach is the best for your team, then select a specific location or space to complete your ethnography study. In the case of option #2, you will first need to agree on the problem or opportunity you want to observe before you identify the space.
3. Now that you have agreed on the location, divide your larger group into smaller subgroups to complete the observation.
 - a. In smaller subgroups of two to three people, go to your selected space.
 - b. Spend at least 30 minutes recording your observations—basically facts of what you are seeing. Remember to only observe. Do not judge or formulate any conclusions yet about why these things are happening. Things to write down include the following:

- i. What are people doing?
 - ii. What is their behavior?
 - iii. Do they seem to have a motive or goal?
- c. Take pictures (when appropriate) to present to your larger team and eventually to the class.
- d. After your initial observation—return to a centrally agreed-upon location and regroup with your larger team.
- e. Share observations for 30 to 40 minutes with your team.
4. Now, brainstorm insights for 30 minutes. Basically, ask questions focused on the “Why” and the “What” of the observations.
 - a. Why do these facts exist?
 - b. What are the motives of the people you observed?
 - c. What do motives tell you about needs and opportunities?
5. Develop three to five well-articulated insights about the reason that you observed what you did. For example, perhaps young people are gathering in one location because the Wi-Fi is better or there’s a store that is very popular.
6. Select the best insight for the team to work on.
7. Finally, develop a business concept around your insight: What business idea could you come up with that would allow you to further explore how to turn a problem or opportunity into a business?

Developed by Dr. Caroline Daniels