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ENTREPRENEURSHIP: A PLANNING APPROACH

Fred L. Fry
Bradley University

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Entrepreneurship is one of the fastest-growing disciplines in colleges and universities throughout the United States. The number of schools with a major, minor, or concentration in entrepreneurship or small business management has increased substantially within the past decade. Entrepreneurship is also of increasing interest as a career field for college graduates. Some will start a venture immediately after completing their academic work. Others will work for large corporations or for smaller businesses until they have accumulated sufficient capital and experience to start their own ventures. Still others will work with emerging businesses either as consultants or as members of the financial community.

The percentage of small ventures that fail is significant, though not easily measurable. What is important is not the number of ventures that fail but the reason that so many do fail: most failures are attributed to poor management in general and inadequate planning in particular. This textbook addresses both of these issues. It has as its basic premise that planning is essential to good management and is particularly critical to successful entrepreneurship. Thus, each aspect of entrepreneurship is considered from the viewpoint of planning. This planning approach permeates the analysis of opportunities, the launch of the venture, the acquisition of financing, the development of strategies, and ultimately the harvesting of the venture.

Entrepreneurship: A Planning Approach was developed after a number of years of working with small businesses and teaching small business management and entrepreneurship classes. The book is based on extensive research, yet is written in a manner that should be appealing to instructors and students alike. Many of the examples come from the experience of working with hundreds of small ventures while directing the Small Business Institute and Small Business Development Center at Bradley University.

The Plan of the Book

Entrepreneurship: A Planning Approach has several characteristics that differentiate it from competing textbooks. First is the chronological order of the presentation. Part I contains three chapters of conceptual material on entrepreneurship and entrepreneurs.

Part II begins the planning process for the potential venture. A chapter on business plans establishes the importance of planning the entrepreneur-

ial venture. The planning process is discussed, and frameworks for strategic and financial plans are presented. This chapter sets the stage for the host of analyses and decisions that must be made in order to launch and grow a venture effectively. Discussion then turns to analyzing opportunities, making decisions associated with the actual launch of the venture, and financing the potential venture.

Part III considers strategies for entrepreneurial ventures. Chapter 8 discusses strategies for the overall venture. Chapter 9 follows with a focus on the supporting strategies that aid in achieving overall objectives. Chapters 10 and 11 consider two specific but important types of strategies—franchising strategies and international strategies.

Part IV turns to the management of the venture once it has been fully launched. Chapter 12 focuses on the organizational structure of the venture both for the original venture and for any acquisitions that might be added as part of the growth of the firm. Chapter 13 considers the issues surrounding planning for growth. Finally, Chapter 14 looks at providing entrepreneurial management to existing stable firms to ensure that innovation continues.

The last step in the entrepreneurial process is ending the venture. Part V consists of two chapters that drive home the importance of planning for the end of the venture. Chapter 15 discusses the valuation of the venture. Although ventures may be valued at any time for a number of reasons, most are valued prior to transferring the business to others. Valuing the venture is an important step in planning the finale of the process. The final step is developing plans for harvesting the venture. Planning the harvest of the venture is almost as important as planning its launch.

Pedagogical Features

A second differentiating aspect of *Entrepreneurship: A Planning Approach* is its pedagogical features. Each chapter begins with **Learning Objectives** that can be achieved by studying the chapter. **Key Terms** lists the new or unique words or phrases that will be encountered in the chapter. This is followed by **Consider This!**, a group of thought-provoking statements or questions that relate to the chapter. These are designed to pique the reader's interest in the forthcoming chapter. An **Entrepreneurial Profile** focuses on a successful entrepreneur who was notable in a way that enhances the chapter. For example, Fred Deluca of Subway Sandwiches is featured in the chapter on franchising, and Michael Dell is featured in the chapter on managing growth. **Venture Perspectives** appear periodically throughout each chapter to further illustrate or amplify topics discussed in the text.

Each chapter includes **Discussion Questions** that relate to and extend the material of the chapter. Some of these make good test questions and most are good for generating class discussion. **Exercises** are included for each chapter. These may include self-analysis exercises, group discussion assignments, or the analysis of an entrepreneurial situation.

Finally, each chapter ends with a segment of **Convenience, Inc.** Convenience, Inc., is a continuous case that runs through the entire text. Installments of the case appear at the end of each chapter. They detail the challenges, frustrations, and achievements of three individuals who decide

to start an upscale convenience store chain. The problems the three entrepreneurs encounter in each segment relate to the chapter material preceding it. The reader is given the analysis or resolution of those problems as an assignment. These range from deciding whether or not to start the venture to developing strategic and financial plans, considering whether to franchise, expanding into Canada, dealing with declining growth, and ultimately deciding whether or not to sell the chain.

Part VI of the text includes two business plans. The first is the Conveniesse, Inc., plan that the three entrepreneurs write in order to launch their convenience store chain. The second is for a bio-tech venture, Kryos, Inc., written in an attempt to gain major funding for the development of vitrification technology for storage of transplant organs. The plan is an excellent example of business plans written for high growth ventures.

Part VII consists of eighteen cases dealing with entrepreneurial issues. These cases are purposely placed at the end of the text rather than after particular chapters, because several of them are applicable to more than one chapter. Some examine writing or analyzing business plans. Some cover financing. Some address managing growth. And others deal with valuing an existing organization. The cases vary in length, difficulty, and in the issues they treat.

Ancillaries

A variety of ancillary materials is provided to adopters of *Entrepreneurship: A Planning Approach*. An instructor's manual/test bank is provided. The instructor's manual focuses on methods of teaching an entrepreneurship class, suggestions for class discussion, and analyses of case material. The test bank is available on Westest—a computerized test generator—as well as in hard copy form, and provides true/false, multiple choice, and essay questions that may be useful for examinations.

Financial analysis software is included with *Entrepreneurship: A Planning Approach*. The software is entitled fisCAL and is written by the Halcyon Group. It can do financial statement analysis, ratio analysis, comparisons with industry norms, valuation, and proforma income and balance sheets. A master disk is provided to each adopting school. Instructions for using fisCAL appear in the appendix to this book. A key disk is bound in the book. It provides access to the fisCAL programs and the financial information for Conveniesse, Inc., and many of the cases found in Part VII of the text. The fisCAL financial analysis software is excellent for use in analyzing venture financial information, developing business plans, and doing valuations of companies. Instructors can receive a demonstration disk on request.

Videotapes of successful entrepreneurs are also provided to instructors. These tapes, from the Blue Chip Enterprise Institute, will supplement lectures on various subjects throughout the term and are cross-referenced in the Instructor's Manual.

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